CITY OF AMES, IOWA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For fiscal year ended June 30, 2008

City of Ames ECOsmart

FOR A SUSTAINABLE FUTURE

City of Ames

ECOsmart

FOR A SUSTAINABLE FUTURE

EcoSmart is the City of Ames' comprehensive strategy to reduce energy consumption and conserve natural resources. While many of these efforts are new, others have been around for decades. Under the EcoSmart umbrella are Smart City, Smart Water, Smart Trash, Smart Energy, Smart Watersheds, and Smart Ride programs.

For decades, the City of Ames has actively engaged in saving resources, reducing energy demand, and promoting recycling. From a financial perspective, conservation of resources is good fiscal policy. In recent years, the push to reduce, reuse, and recycle has reached beyond its budget impact. There is a growing movement in the Ames community to promote conservation of limited resources as a means to achieving a greater global good --- a more sustainable future.

CITY OF AMES IOWA

Caring People
Quality Programs
Exceptional Service

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

CITY OF AMES, IOWA

Year Ended June 30, 2008

Prepared by the Accounting and Auditing Division of the Department of Finance

CITY OF AMES, IOWA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2008

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INTRODUCTORY

SECTION

CITY OF AMES IOWA
Caring People
Quality Programs
Exceptional Service

Finance Department

515 Clark Avenue
Ames, Iowa 50010
515-239-5116
Fax 515-239-5320

December 16, 2008

The Honorable Mayor, City Council Members,
And Citizens of the City of Ames, Iowa

The City of Ames is required by various state and federal regulations to publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (generally accepted accounting principles or GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to these requirements, the Comprehensive Annual Financial Report (CAFR) of the City of Ames, Iowa for the fiscal year ended June 30, 2008 is hereby submitted.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile reliable information for the preparation of the City's financial statements. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

The City's financial statements have been audited by EideBailly LLP, a firm of licensed certified public accountants. The independent auditor has issued an unqualified (clean) opinion on the City's financial statements for the fiscal year ended June 30, 2008. The independent auditors' report is presented as the first component of the financial section of this report.

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

PROFILE OF THE CITY OF AMES

The City was incorporated in 1869 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 9th largest city in Iowa with a population of 50,731 per the 2000 census. The City is empowered to levy a property tax on real property located within its boundaries. It also is empowered to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City operates under a council-manager form of government. 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 serves a four-year term and is elected with one of the groups of three council members. Four of the council members are elected by district. The mayor and the two remaining council members are elected at large.

The City provides the following services as authorized by its charter: public safety, public works, culture, recreation, and community development. The City also provides additional services including municipal electric, water, and sewer utility systems; parking lot facilities; a municipal resource recovery facility; a municipal airport; a recreational ice facility; a municipal golf course; a community center; a transit system; and a municipal hospital. The City of Ames is also financially accountable for a legally separate hospital foundation reported separately within the City of Ames financial statements. Additional information on the hospital foundation can be found in the notes to the financial statements (See Note 1.A).

The annual budget serves as the foundation for the City's financial planning and control. The City Manager is responsible for developing a budget proposal to the City Council. The proposed budget is presented to the Council in January and February of each year. The Council is required to hold public hearings on the proposed budget and to adopt the final budget by no later than March 15 for the fiscal year beginning the following July first. The appropriated budget is prepared by function.

LOCAL ECONOMY

The City is supported by a diverse economy, which relies on both the private and public sectors. The City is home to several large governmental agencies including Iowa State University, the Iowa Department of Transportation, the USDA National Animal Disease Center and National Veterinary Services Laboratories, and a U.S. Department of Energy research lab. The University and other government employers add significant local economic stability that has resulted in an unemployment rate that has been below the national and state averages for the past thirty years. Ames was recently ranked fifth on the Careerbuilder.com listing of "Great Cities for Job Seekers."

Though the pace of new construction of residential property has slowed, a report from the City Assessor in April 2008 indicated that the Ames housing market remains strong. The single family home market showed slight increases in average sale price per square foot, total average sale price, median sale price, and total number of sales. The strength in the housing market is counter to broad national trends and was likely due to a combination of avoiding large price increases in previous years, sound local lending practices, and a stable employment base.

The City's economic development efforts have been targeted towards companies that blend with community resources and take advantage of a highly educated workforce in areas such as veterinary medicine, technology, and agricultural research. *Forbes Magazine*, recently ranked Ames as the 30th "Best Small Place for Business and Careers."

Ames continues to see expansion of animal science and bio-energy in the local economy. The Renewable Energy Group, Inc., a national leader in the bio-diesel industry, named one of *Inc Magazine's* fastest growing companies, moved their headquarters to Ames. Iowa State University opened an addition to the Seed Science Center and will house the Biosafety Institute for Genetically Modified Agricultural Products. Iowa State also broke ground on the Biorenewables Research Laboratory, the first phase of a $99 million, 166,000 square-foot Biorenewables complex. The Iowa State University Research Park began construction of a planned 52,000 square foot expansion. The Research Park is currently at 95% capacity with a waiting list for research lab space.

Several companies have chosen Ames as a location to expand existing operations. Colorbiotics, a division of Ames based Becker-Underwood Company and leader in the development and manufacture of environmentally safe landscape colorants, completed a new 140,000 square-foot facility. Ag Leader Technology, Inc., an Ames based company that develops and markets precision farming hardware and software, nearly doubled the size of the Ames facility with a 98,000 square foot addition.

LONG-TERM FINANCIAL PLANNING

The City Council has adopted a comprehensive set of budget and fiscal policies including general revenue management, user fee cost recovery goals, enterprise fund fees and rates, grant funding, investments, capital improvement management, and fund balance designations and reserves. The ending fund balance level established for the general fund is 20% of operating expenditures. The City of Ames met the minimum fund balance requirement for the general fund and all other financial policies established by the City Council.

MAJOR INITIATIVES

Construction began on the Donald and Ruth Furman Outdoor Aquatic Center. The 10.5 million dollar, 25,000 square foot facility will be the top aquatic center in Central Iowa. Recreational amenities will include zero-depth entry, water slides, diving boards, a water play structure, and a lazy river. The facility will also include an eight-lane 50-meter competitive pool. Construction is expected to be completed in summer 2009.

The first phase of the Grand Avenue extension was completed in summer 2008. This project was the first step in a project to provide expansion of arterial traffic capacity within the City.

The Water and Electric utilities both began projects to review replacement and future expansion of production facilities. Both utilities have initiated programs and rate structures intended to reduce peak demand and the associated capital costs as an integral part of these projects.

The City completed a study and began the first portion of a project to provide free public access to wireless Internet service at certain locations. The City will provide a number of wireless hotspots at both indoor and outdoor public locations.

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 of Ames, Iowa, for its comprehensive annual financial report for the fiscal year ended June 30, 2007. This was the 29th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Government Finance Officers Association of the United States and Canada presented an award of Distinguished Budget Presentation to the City for its annual budget for the fiscal year beginning July 1, 2008. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device. The City has received this award every year since 1986/1987. The award is valid for a period of one year only.

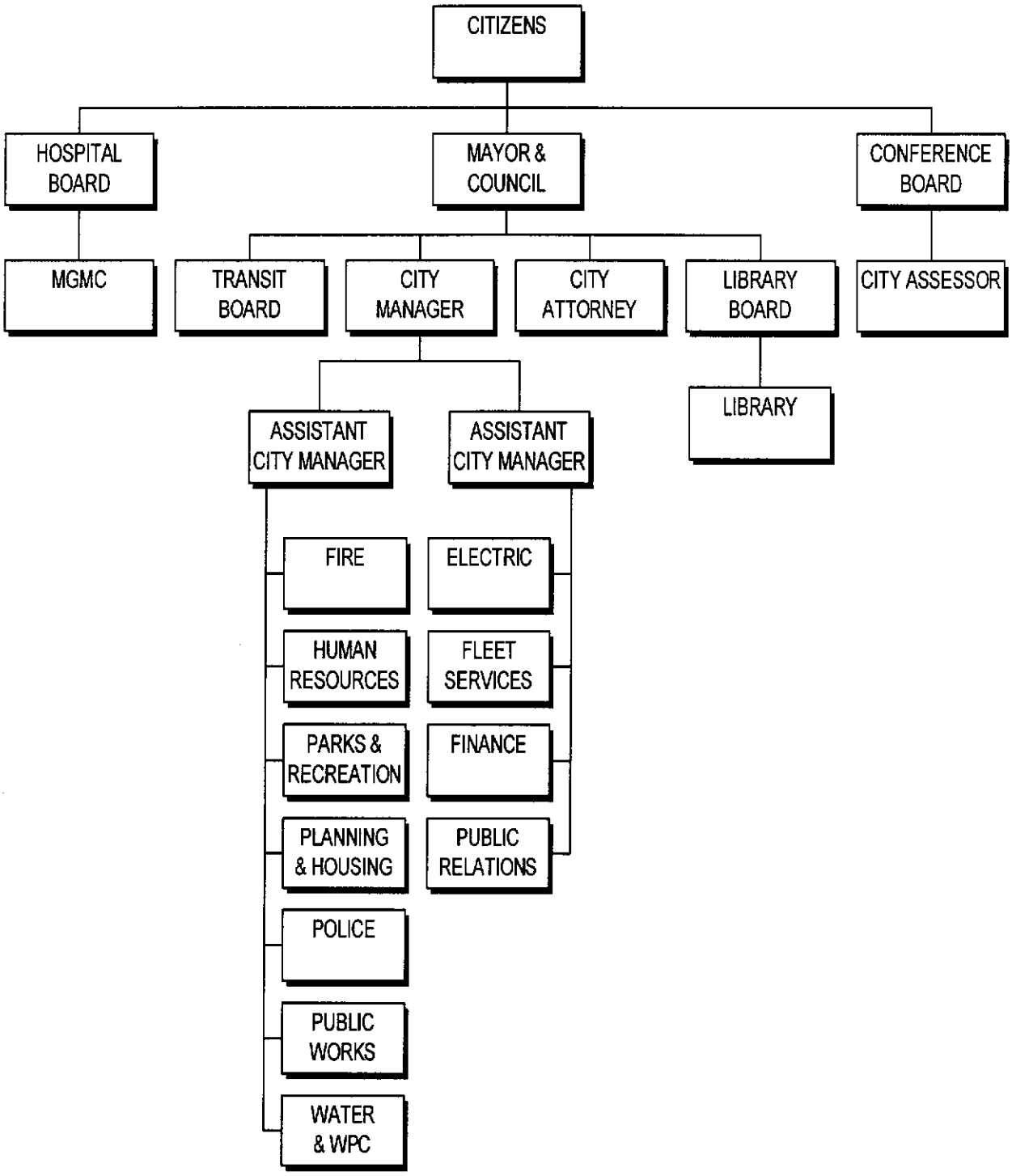
The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the staff of the Finance Department. We wish to thank the Mayor and members of the City Council for their interest and support of our efforts in conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Steven L. Schainker
City Manager

Duane R. Pitcher, CPA, CPFO
Director of Finance

CITY OF AMES, IOWA
ORGANIZATIONAL CHART



CITY OF AMES, IOWA

PRINCIPAL OFFICIALS

Elected Officials

Ann Campbell	Mayor
Matthew Goodman	Council Member – At Large
Jim Popken	Council Member – At Large
Dan Rice	Council Member – First Ward
Jami Larson	Council Member – Second Ward
Ryan Doll	Council Member – Third Ward
Riad Mahayni	Council Member – Fourth Ward

Council-Appointed Officials

Steven Schainker	City Manager
Doug Marek	City Attorney

Manager-Appointed Officials

Bob Kindred	Assistant City Manager
Sheila Lundt	Assistant City Manager
Don Kom	Director of Electric Utility
John Joiner	Director of Public Works
Duane Pitcher	Director of Finance
Sheri Kyras	Director of Transportation
Clint Petersen	Fire Chief
Chuck Cychosz	Police Chief
Julie Huisman	Director of Human Resources
Steve Osguthorpe	Director of Planning & Housing
Nancy Carroll	Director of Parks & Recreation
John Dunn	Director of Water and Pollution Control
Paul Hinderaker	Director of Fleet Services
Art Weeks	Library Director
Roger Wisecup II	City Treasurer

Hospital Administration

Brian Dieter	President/Chief Executive Officer
Vacant	Vice President/Chief Financial Officer

smart CITY

U.S. Mayors' Climate Protection Agreement

With support from the Ames City Council, Mayor Ann Campbell joined mayors from across the country in signing the U.S. Mayors' Climate Protection Agreement.

Cool Cities Committee (City Staff)

Data Collection, Benchmarking

Part of signing the agreement involves creating a baseline inventory of carbon emissions, collecting data about energy management, recycling, waste reduction, transportation, and land use.

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, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

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 of Ames, Iowa for its comprehensive annual financial report for the fiscal year ended June 30, 2007. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Ames, Iowa has received a Certificate of Achievement for the last 29 consecutive years (fiscal years ended 1979-2007). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

FINANCIAL

SECTION

EideBailly

CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

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, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Ames, Iowa. 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) and the Mary Greeley Medical Center Foundation (the discretely presented component unit). Those financial 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 Mary Greeley Medical Center Foundation, is based 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ames, Iowa, as of June 30, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2008, 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

PEOPLE. PRINCIPLES. POSSIBILITIES.
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The management's discussion and analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Ames, Iowa. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is also not a required part of the basic financial statements of the City of Ames, Iowa. The combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.

Eide Bailly LLP

Dubuque, Iowa
December 16, 2008

CITY OF AMES, IOWA

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

This section of the City of Ames (City) annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2008. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements found in the next section of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City of Ames exceeded its liabilities at the close of the fiscal year by $502,832,198 (net assets). This was an increase of $21,063,179 over net assets at June 30, 2007. Unrestricted net assets at June 30, 2008 in the amount of $166,710,575 may be used to meet the City's ongoing obligations to citizens and creditors.
- The revenues of the general fund exceeded expenses by $107,488.
- The ending general fund balance of $6,653,633 exceeded the City target minimum fund balance of twenty percent of general fund budgeted expenses.
- Within the City's business-type activities, revenues exceeded expenses by $12,775,411. The City policy is to set rates that fund operational expenses of business-type activities and fund most capital improvements. The increase in net assets represents funds accumulated for planned future capital expenditures.
- For the year, the revenues of the City's governmental funds exceeded expenses by $5,411,800 compared to $4,962,114 in 2007.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's basic financial statements consist of government-wide financial statements, fund financial statements, and notes to the financial statements. This discussion and analysis are intended to serve as an introduction to the basic financial statements. This report also contains other supplementary information in addition to 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 paragraphs below provide a brief description of the government-wide financial statements.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 in this statement for some items that will result in cash flows in future fiscal periods such as uncollected taxes and earned but unused vacation leave.

The government-wide financial statements are divided into two categories:

Governmental activities. This category consists of services provided by the City that are principally supported by taxes and intergovernmental revenues. Basic City services such as police, fire, public works, planning, parks, the library, and general administration are governmental activities.

Business-type activities. These activities are supported primarily by user fees. The services provided by the City in this category include water, sewer, and electrical utilities, the resource recovery center, municipal golf course, and a municipal hospital.

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 uses fund accounting to ensure and demonstrate compliance with legal requirements for financial transactions and reporting. 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 evaluating a government's near-term financial 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 financial 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 three individual major 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, debt service fund, and capital projects fund, all of which are considered to be major funds. Data from the other twenty-two 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 elsewhere in this report.

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

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 electric, sewer, water, and storm water drainage utilities. Enterprise funds are also used for the municipal hospital, resource recovery center, transit, parking, and recreational facility operations. Internal service funds are accounting devices used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet services, information services, risk management, and health insurance. The City's internal services benefit both the governmental activities and business-type activities and have been apportioned accordingly in the government-wide financial statements.

Proprietary fund financial statements 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 Mary Greeley Medical Center, electric utility, sewer, and water utility; all of which are considered to be major funds of the City. Data from the other six enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements elsewhere in this report. All 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 elsewhere in this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected 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.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. 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.

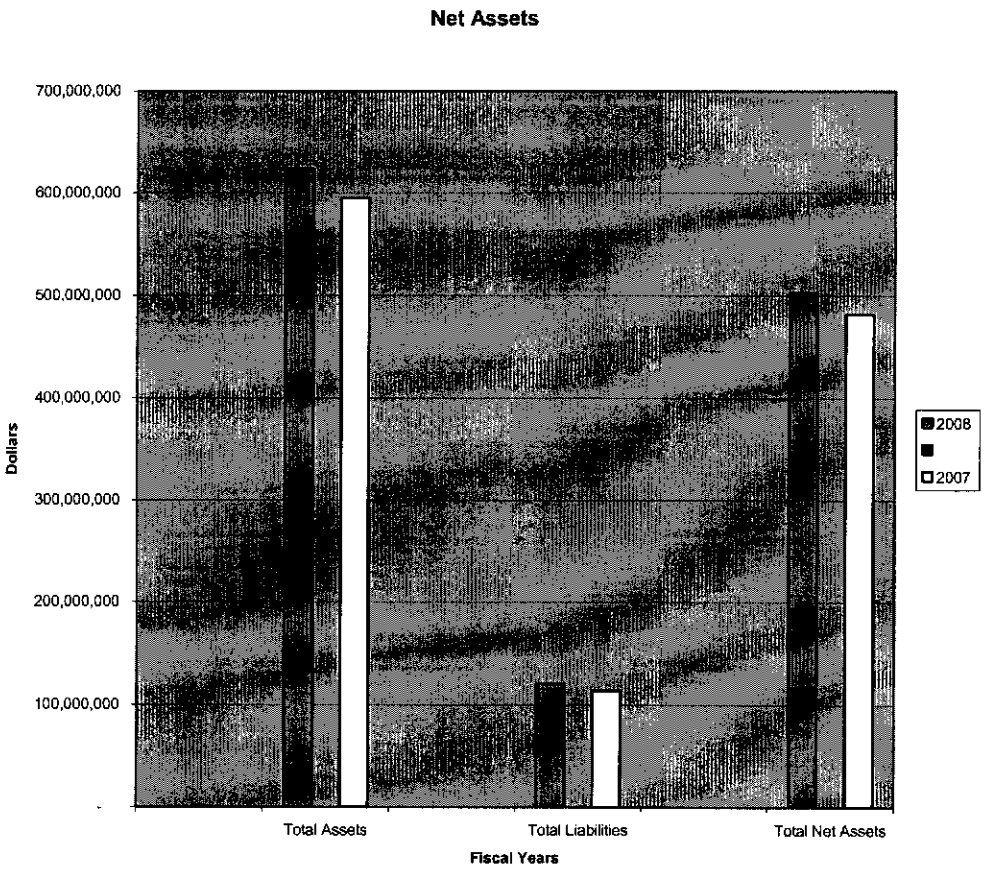
GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets. As noted earlier, net assets may serve as a useful indicator of a government's financial position when observed over time. In the case of the City, assets exceeded liabilities by $502,832,198 at the close of the most recent fiscal year.

The most significant portion of the City's net assets (64.0%) are reflected in investment in capital assets such as land, buildings, infrastructure, machinery, and equipment less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to the citizens and are not available for future spending.

City of Ames Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	$ 64,850,917	$ 56,105,153	$ 178,963,299	$ 166,050,144	$ 243,814,216	$ 222,155,297
Capital assets, net of depreciation	129,440,741	123,581,784	250,360,699	249,463,269	379,801,440	373,045,053
Total assets	**194,291,658**	**179,686,937**	**429,323,998**	**415,513,413**	**623,615,656**	**595,200,350**
Long-term debt outstanding	34,004,128	30,950,000	22,365,872	23,415,000	56,370,000	54,365,000
Other liabilities	32,688,362	30,000,398	31,725,096	29,404,942	64,413,458	59,405,340
Total liabilities	**66,692,490**	**60,950,398**	**54,090,968**	**52,819,942**	**120,783,458**	**113,770,340**
Net assets						
Invested in capital assets, net of related debt	95,550,370	90,093,683	226,464,780	224,440,404	322,015,150	314,534,087
Restricted	12,523,636	6,680,663	1,582,837	1,695,740	14,106,473	8,376,403
Unrestricted	19,525,162	21,962,193	147,185,413	136,557,327	166,710,575	158,519,520
Total net assets	**$ 127,599,168**	**$ 118,736,539**	**$ 375,233,030**	**$ 362,693,471**	**$ 502,832,198**	**$ 481,430,010**



A portion of the City's net assets (2.8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net assets, $166,710,575 (33.2%), may be used to meet the City's ongoing obligations to citizens and creditors.

At the close of fiscal years 2008 and 2007, the City is able to report positive balances in all three categories of net assets, both for the government as a whole and separate governmental and business-type activities.

Governmental activities. Governmental activities increased the net assets of the City by $8,523,620 or 40.5% of the total increase in net assets in 2008 and $6,877,067 or 19.1% of the increase in 2007. Taxes are the largest source of governmental revenues with property taxes of $20,147,655 in 2008 and other taxes (sales taxes and road use tax) of $11,344,038. Capital grants and contributions for 2008 totaled $6,119,361, an increase of $2,887,743 from additional grants for street projects. The $833,817 increase in property tax collections in 2008 over 2007 was due to slightly increased valuations and a $.18 increase in the overall tax rate. The decrease in other taxes was due to decreased local option tax and hotel/motel tax collections. The slowing economy and possible leakage of sales to other areas decreased local option tax collections. Declining interest rates are reflected in the $15,556 decrease in investment revenue.

Governmental expenses during 2008 increased $3,011,315 over 2007 expenses or 8.2%. Public safety expenses were up approximately $1,000,000 due to increased police and fire expenditures

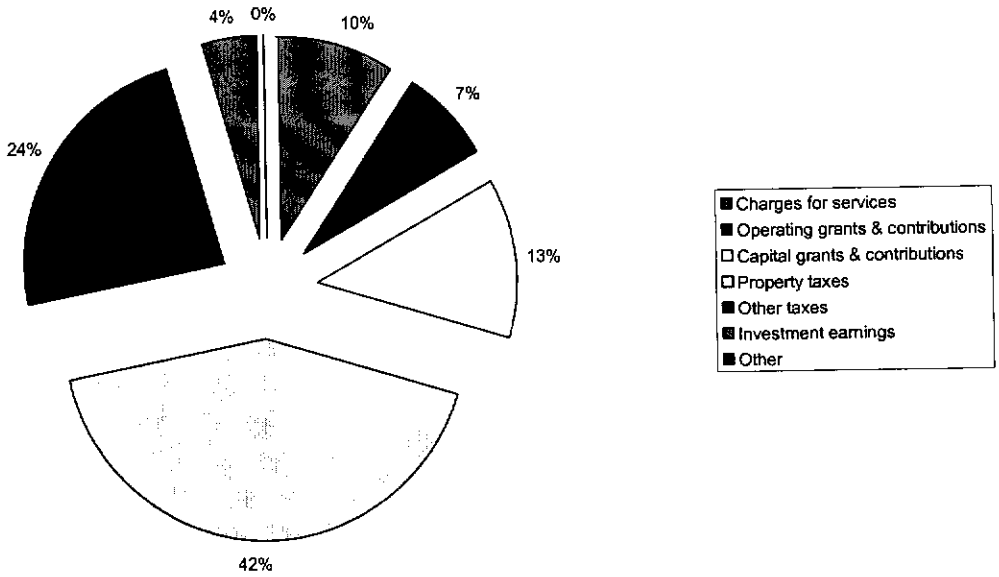
and neighborhood initiatives for proactive enforcement of building codes. Winter snowfall and spring flooding contributed to the increase of approximately $1,400,000 in public works expenses.

City of Ames Changes in Net Assets

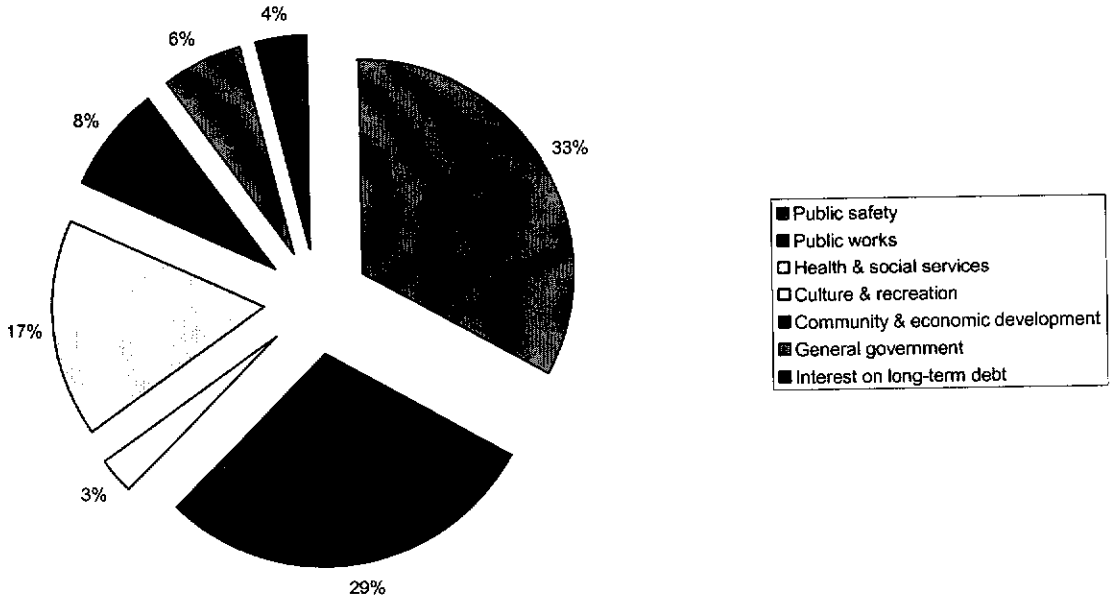
	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenues						
Charges for services	$ 4,574,140	$ 4,455,890	$ 222,158,138	$ 212,458,447	$ 226,732,278	$ 216,914,337
Operating grants & contributions	3,545,354	2,595,245	2,721,873	1,665,682	6,267,227	4,260,927
Capital grants & contributions	6,119,361	3,231,618	3,290,701	1,724,159	9,410,062	4,955,777
General revenues						
Property taxes	20,147,655	19,313,838			20,147,655	19,313,838
Other taxes	11,344,038	11,526,170			11,344,038	11,526,170
Unrestricted grants & contributions	20,676	15,573			20,676	15,573
Investment earnings	2,058,452	2,074,008	(750,318)	14,184,748	1,308,134	16,258,756
Other			2,814	119,501	2,814	119,501
Total revenues	**47,809,676**	**43,212,342**	**227,423,208**	**230,152,537**	**275,232,884**	**273,364,879**
Expenses						
Public safety	13,102,633	11,992,224			13,102,633	11,992,224
Public works	11,675,389	10,227,162			11,675,389	10,227,162
Health & social services	1,034,327	982,108			1,034,327	982,108
Culture & recreation	6,591,544	6,147,047			6,591,544	6,147,047
Community & economic development	3,219,621	3,404,127			3,219,621	3,404,127
General government	2,417,083	2,281,674			2,417,083	2,281,674
Interest on long-term debt	1,537,842	1,532,782			1,537,842	1,532,782
Mary Greeley Medical Center			145,581,895	135,819,426	145,581,895	135,819,426
Electric Utility			43,727,636	40,398,204	43,727,636	40,398,204
Sewer Utility			5,979,526	6,069,860	5,979,526	6,069,860
Water Utility			6,054,928	5,811,849	6,054,928	5,811,849
Storm Sewer Utility			458,119	474,425	458,119	474,425
Parking Lot			856,518	828,138	856,518	828,138
Resource Recovery			3,636,402	3,887,199	3,636,402	3,887,199
Transit			7,597,860	6,911,902	7,597,860	6,911,902
Ames/ISU Ice Arena			480,418	432,532	480,418	432,532
Homewood Golf Course			217,964	224,749	217,964	224,749
Total expenses	**39,578,439**	**36,567,124**	**214,591,266**	**200,858,284**	**254,169,705**	**237,425,408**
Excess before transfers	8,231,237	6,645,218	12,831,942	29,294,253	21,063,179	35,939,471
Transfers	292,383	231,849	(292,383)	(231,849)		
Increase in net assets	**$ 8,523,620**	**$ 6,877,067**	**$ 12,539,559**	**$ 29,062,404**	**$ 21,063,179**	**$ 35,939,471**

Below are specific graphs which provide comparisons of the governmental activities revenues and functional expenses.

Governmental Activities Revenues 2008



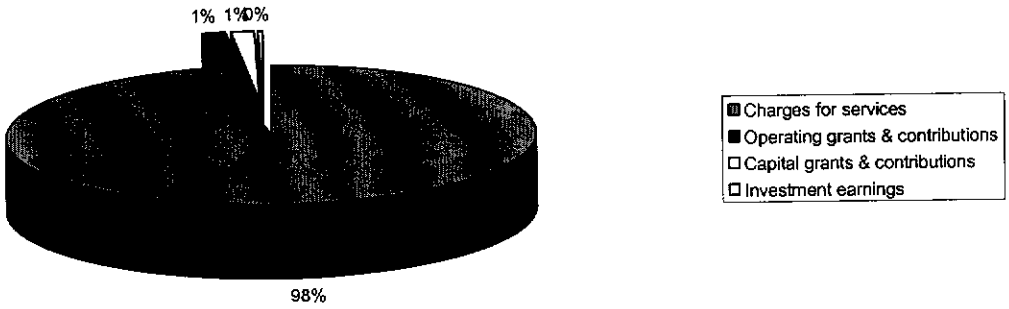
Governmental Activities Expenses 2008



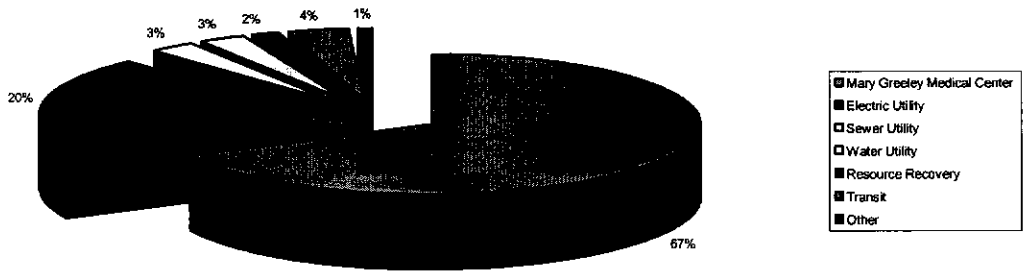
Business-type activities. Business-type activities increased net assets by $12,539,559 accounting for 59.5% of the City of Ames growth in net assets at June 30, 2008. This was $16,522,845 less than the 2007 increase in net assets of $29,062,404. Investment earnings decreased $14,935,066 during 2008. A decline in stock market performance resulted in a $2.5 million loss from investments of Mary Greeley Medical Center compared to a $12.2 million gain in 2007. Business-type charges for services increased $9,699,691 during 2008 or 4.6% over 2007 totals. Operating and capital grants and contributions increased $2,622,733 over 2007 totals due to an increase in transit grants for buses and the administrative building and increased contributions of water and sewer lines from developers of $931,885.

The expenses of the business-type activities increased $13,732,982 or 6.8% over 2007 expenses. Expenses for Mary Greeley Medical Center were 71.1% of this total increase or $9,762,469 due mainly to increases in salaries and wages, employee benefits, and software and maintenance contracts. Below are graphs showing the business-type activities revenue and expense comparisons.

Business-type Activities Revenues 2008



Business-type Activities Expenses 2008



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The City's governmental funds reported a combined fund balance of $33,556,070 at June 30, 2008. This was an increase of $5,411,800 over the prior year. Approximately forty-eight percent ($16,201,322) constitutes unreserved fund balance, a decrease of $2,690,481 over the 2007 unreserved fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed for encumbrances and endowments, inventories and prepaid items, debt service, long-term receivables, and state and grant restricted purposes. New reserved fund balances for 2008 are $1,000,000 Furman Aquatic Center endowment and $1,023,102 restricted by the donor for expenditures for the Furman Aquatic Center.

The general fund's fund balance increased by $107,488 or 1.6% leaving a fund balance in excess of 29.4% of current annual expenditures and exceeding the City's goal of 20% of expenditures.

The debt service fund increased its fund balance $316,216 during 2008. The timing of bond issuances and expenditures has allowed the City to maintain a fund balance in debt service in excess of $1,400,000.

The fund balance of the capital projects fund increased by $1,569,497 to $6,680,014 at June 30, 2008. Expenditures were $9,399,243 or $4,574,003 more than 2007 expenditures. Filling of staff vacancies allowed increased projects to be completed during the year and major projects to be initiated. Bonds issued for capital projects in 2008 included $3,210,000 for the Furman Aquatic Center. An additional $5,340,000 will be issued in 2009 to complete this project.

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 assets of the enterprise funds at June 30, 2008 totaled $369,943,187 of which 38.8% ($143,480,685) is unrestricted. This is a $12,775,411 or 3.6% increase over the 2007 net assets of $357,167,776. The net assets of the internal service funds are $15,944,407, a $263,415 increase over the 2007 total net assets. The unrestricted net assets of the internal service funds are $11,255,141 (70.6%).

The net assets of Mary Greeley Medical Center increased $4,684,199 to $176,094,078 or 2.7% over the 2007 net assets of $171,409,879. The change in net assets includes a decrease in investment earnings of approximately $2,507,000 due to poor investment performance. Increases in Medical Center salaries, employee benefits, recruitment expenses, and maintenance and software contracts contributed to the reduced earnings.

The Electric Utility had a $3,838,769 increase in net assets which is $1,828,440 less than the 2007 increase in net assets of $5,667,209. Costs of goods and services increased in 2008 by $4,048,394 due to planned maintenance of generating equipment, additional unexpected repairs discovered under planned maintenance, and increased costs for fuel and purchased power. Charges for services increased $1,666,013. Investment earnings decreased $168,288 due to lower interest rates.

The Sewer Utility's decrease in net assets of $335,911 was $603,204 less than the 2007 decrease. There was an increase in capital contributions from developers of $467,869 during 2008. An increase in sewer utility rates is under consideration for 2009 or 2010.

BUDGETARY HIGHLIGHTS

There were two amendments to the City's 2007-2008 budget. The first amendment was passed in March 2008 to reflect carryovers of capital project expenditures and amended in May to reflect year-end expenditures and revenues more closely.

General Fund. The budget amendments increased the general fund's budgeted expenditures $648,649. Actual general fund expenses were $470,973 (2.04%) less than the final budgeted amount of $23,091,884.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2008, amounts to $379,801,440 (net of accumulated depreciation), an increase of $6,756,387 or 1.8% above the 2007 investment of $373,045,053. This investment in capital assets includes land, buildings, infrastructure, machinery and equipment. Additional information on the City's capital assets can be found in the notes to the financial statements in this report on pages 65 and 66.

Major capital asset events during the fiscal year illustrating the diversity of City projects included the following current year amounts rounded to the nearest $100:

Grand Avenue extension $1,996,600.
CyRide building office expansion $2,425,400.
North River Valley Park softball fencing $91,200.
Library self-check machines $51,800.
Fleet equipment $495,800.
SE 16th Street paving and bridge $3,645,500.
SW zone elevated water tank $1,405,466.
Ada Hayden Park SE restroom $94,000.
Power plant passenger elevator $166,400.
Don and Ruth Furman Aquatic Center (ongoing) $2,118,800.

Capital Assets (net of accumulated depreciation)

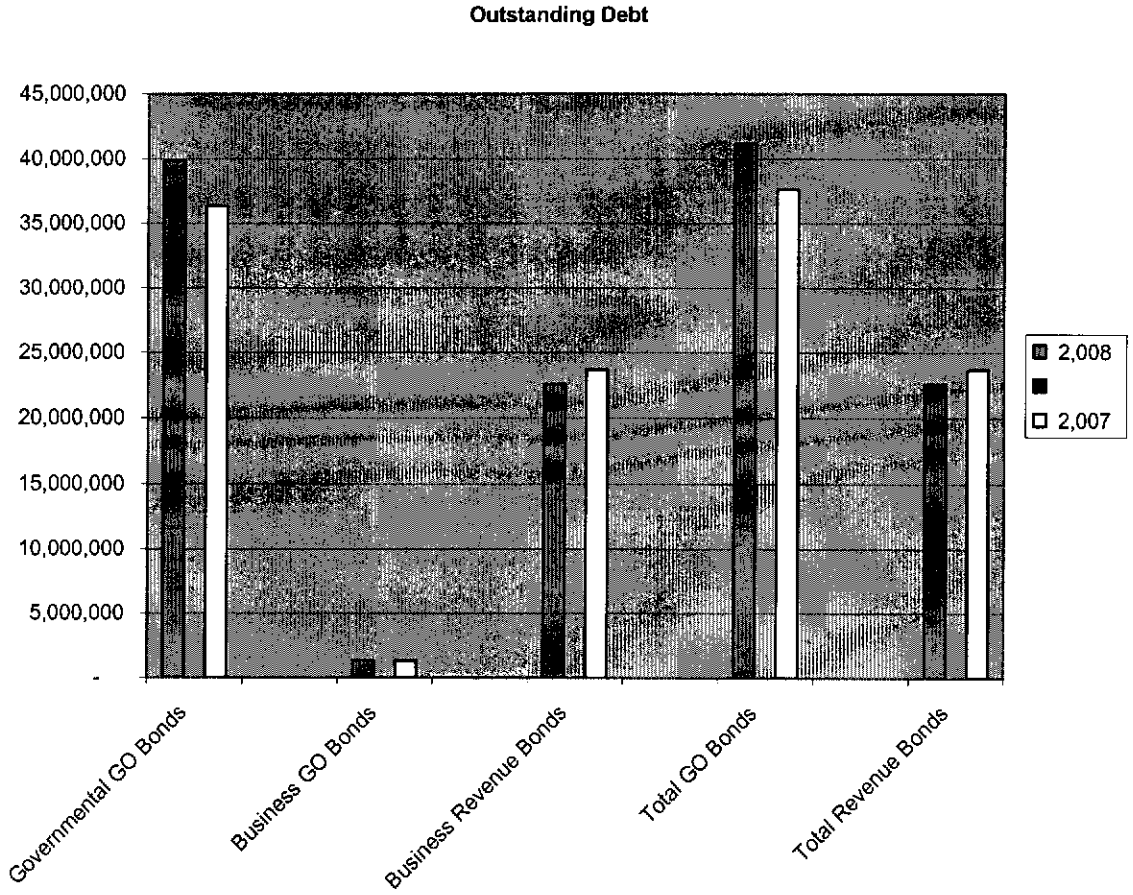
	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	$ 10,983,578	$ 10,863,779	$ 10,273,185	$ 10,019,218	$ 21,256,763	$ 20,882,997
Other nondepreciable assets	4,298,677	4,355,370			4,298,677	4,355,370
Depreciable assets	104,816,675	105,255,770	226,358,273	227,327,621	331,174,948	332,583,391
Construction in progress	9,341,811	3,106,865	13,729,241	12,116,430	23,071,052	15,223,295
Total	$ 129,440,741	$ 123,581,784	$ 250,360,699	$ 249,463,269	$ 379,801,440	$ 373,045,053

Long-term Debt. At the close of the fiscal year ended June 30, 2008, the City had bonds outstanding of $63,750,000. General obligation debt was $41,195,000 and revenue bonds outstanding totaled $22,555,000. General obligation bonds of $5,920,000 were issued for the cost of construction, reconstruction and repair of streets and storm sewers in the City; $3,210,000 was issued for construction of the Furman Aquatic Complex; and $500,000 was issued for water projects to be repaid by the Water fund.

Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2006
General obligation bonds	$ 39,854,081	$ 36,355,000	$ 1,340,919	$ 1,310,000	$ 41,195,000	$ 37,665,000
Revenue bonds			22,555,000	23,685,000	22,555,000	23,685,000
Total	$ 39,854,081	$ 36,355,000	$ 23,895,919	$ 24,995,000	$ 63,750,000	$ 61,350,000

Long-term debt amounts (bonds payable) are shown without reference to applicable premiums.



The City maintains a Aaa rating from Moody's Investor Services on all its general obligation debt.

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, 2006 related to the 2007-2008 fiscal year. The current debt limitation for the City is $156,153,257. 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 the notes to the financial statements in this report on pages 68 through 71.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's unemployment rate ended the fiscal year at 3.3%, moderately higher than the 2.9% rate for the prior year and under the State of Iowa rate of 4.0% and the 5.7% national rate.

City revenue sources affected by economic activity such as local option sales tax, building permit fees, and road use tax showed slight increases or decreases from the prior year.

Selected Revenues

	2008	2007	Change
Local Option Tax	5,890,772	5,995,753	(104,981)
Hotel/Motel Tax	1,106,387	1,298,009	(191,622)
Road Use Tax	4,346,879	4,244,752	102,127
Building Permits	605,935	553,924	52,011

Property taxes.

The City anticipates limited growth in valuation of taxable property. The 2008-2009 budget required a $.63 (6.04%) increase in the property tax rate from $10.43/$1,000 of taxable valuation to $11.06. It should be noted that $.47 of this rate increase, or $960,000, is attributable to the first year's debt payment for the new Donald and Ruth Furman Aquatics Center that was approved by 76% of the voters. Without this payment, the tax rate increase would be only 1.46%.

This moderate property tax increase is due in part to:

- Continued success in the area of health care cost containment.
- A larger than anticipated fund balance in the general fund has allowed financing of one-time capital items in 2007-2008 rather than raising taxes to support these expenditures.
- The larger than expected fund balance has also allowed utilizing general fund monies to offset the entire 2007-2008 obligation to the retirement plan for police and fire personnel. The normal transfer from the special revenue fund for this expense was not made. This extends the availability of the special revenue fund to mitigate future property tax subsidies for the state-mandated police and fire retirement system.

Utility rates. Rates charged the citizens of Ames by the electric, water, and sewer utilities were increased for FY 2008-2009. Rates for storm sewer and Resource Recovery were not increased.

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.

smart RIDE

CyRide Saves

- **4.3 million rides last year saved an estimated half-million gallons of gas**
- **Two solar-powered bus shelters**
- **Recycled plastic bus benches**

CyRide's new 10,000 sq. ft. office building was designed to qualify for a silver Leadership in Energy and Environmental Design (LEED) certification, making it one of a handful of buildings in the state that meets these stringent new "green" building standards.

Just a few of the features that make it a green facility include:

- **a white, reflective roof**
- **a rainwater storage tank used to irrigate the landscaping**
- **large north-facing windows that allow for lower light energy usage**

BASIC

FINANCIAL

STATEMENTS

CITY OF AMES, IOWA

STATEMENT OF NET ASSETS
JUNE 30, 2008

	Primary Government			
ASSETS	**Governmental Activities**	**Business-type Activities**	**Total**	**Component Unit**
Current assets:				
Cash and pooled cash investments	$ 43,351,554	$ 31,888,486	$ 75,240,040	$ 558,963
Investments		20,242,937	20,242,937	9,757,606
Taxes receivable	328,479		328,479	
Special assessments receivable	166,461		166,461	
Accounts receivable, net	493,223	28,514,545	29,007,768	7,120
Pledges receivable, net				281,425
Accrued interest receivable	285,508	272,217	557,725	
Intergovernmental receivables	2,474,964	1,309,977	3,784,941	
Loans receivable	68,279		68,279	
Internal balances	(4,897,749)	4,897,749		
Inventories	235,159	7,756,884	7,992,043	
Houses held for resale	236,944		236,944	
Prepaid items	103,663	2,103,238	2,206,901	
Total unrestricted current assets	42,846,485	96,986,033	139,832,518	10,605,114
Restricted current assets:				
Investments		2,727,877	2,727,877	
Accrued interest receivable		342,693	342,693	
Total restricted current assets		3,070,570	3,070,570	
Total current assets	42,846,485	100,056,603	142,903,088	10,605,114
Noncurrent assets:				
Long-term investments		50,532	50,532	
Succeeding year taxes receivable	21,407,250		21,407,250	
Long-term loans receivable	224,502		224,502	
Long-term special assessments receivable	235,534		235,534	
Deferred debt issuance costs	137,146	457,014	594,160	
Capital assets:				
Land	10,983,578	10,273,185	21,256,763	
Other nondepreciable assets	4,298,677		4,298,677	
Depreciable assets	178,462,487	486,465,095	664,927,582	
Construction in progress	9,341,811	13,729,241	23,071,052	
Less accumulated depreciation	(73,645,812)	(260,106,822)	(333,752,634)	
Capital assets, net	129,440,741	250,360,699	379,801,440	
Total unrestricted noncurrent assets	151,445,173	250,868,245	402,313,418	
Restricted noncurrent assets:				
Long-term investments		78,399,150	78,399,150	
Total noncurrent assets	151,445,173	329,267,395	480,712,568	
Total assets	194,291,658	429,323,998	623,615,656	10,605,114

CITY OF AMES, IOWA

STATEMENT OF NET ASSETS
JUNE 30, 2008

	Primary Government			
LIABILITIES	Governmental Activities	Business-type Activities	Total	Component Unit
Current liabilities:				
Accounts payable	1,886,696	11,292,665	13,179,361	142,608
Retainage payable	379,934	980,844	1,360,778	
Due to other governments	121,449	209,704	331,153	
Compensation and payroll taxes	179,513	3,606,161	3,785,674	
Employee benefits	5,659	9,855,457	9,861,116	
Bonds payable	5,849,953	1,530,047	7,380,000	
Interest payable	129,381	144,710	274,091	
Claims payable	450,000	476,635	926,635	
Unearned revenue	216,386	5,725	222,111	
Landfill postclosure costs		16,141	16,141	
Customer deposits	91,857	845,727	937,584	
Total current liabilities	9,310,828	28,963,816	38,274,644	142,608
Noncurrent liabilities:				
Employee benefits	1,738,695	1,140,425	2,879,120	
Post-employment benefits	1,802	760,408	762,210	
Bonds payable	34,004,128	22,365,872	56,370,000	
Unamortized premiums on bonds issued	229,787	602,005	831,792	
Deferred charges		(559,371)	(559,371)	
Notes payable				
Due to other governments				
Succeeding year unearned revenue	21,407,250		21,407,250	
Claims payable		295,328	295,328	
Landfill postclosure costs		522,485	522,485	
Total noncurrent liabilities	57,381,662	25,127,152	82,508,814	
Total liabilities	66,692,490	54,090,968	120,783,458	142,608
NET ASSETS				
Invested in capital assets, net of related debt	95,550,370	226,464,780	322,015,150	
Restricted:				
Expendable for:				
Debt service	1,423,410	1,582,837	3,006,247	
Capital improvements	5,963,710		5,963,710	
State and grant purposes	2,267,508		2,267,508	
Donor restricted purposes	1,023,102		1,023,102	
Mary Greeley Medical Center				7,766,394
Nonexpendable for:				
Perpetual care	845,906		845,906	
Furman Aquatic Center endowment	1,000,000		1,000,000	
Bliss Cancer Endowment Fund				242,758
Unrestricted	19,525,162	147,185,413	166,710,575	2,453,354
Total net assets	$ 127,599,168	$ 375,233,030	$ 502,832,198	$ 10,462,506

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

CITY OF AMES, IOWA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Functions	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions
Primary government:			
Governmental activities:			
Public safety	$ 13,102,633	2,356,887	151,646
Public works	11,675,389	114,997	207,512
Health and social services	1,034,327		
Culture and recreation	6,591,544	1,066,913	1,252,148
Community and economic development	3,219,621	197,556	1,932,067
General government	2,417,083	837,787	1,981
Interest on long-term debt	1,537,842		
Total governmental activities	39,578,439	4,574,140	3,545,354
Business-type activities:			
Mary Greeley Medical Center	145,581,895	152,684,036	90,052
Electric Utility	43,727,636	47,973,171	
Sewer Utility	5,979,526	4,811,331	
Water Utility	6,054,928	6,474,046	
Storm Sewer Utility	458,119	828,644	
Parking Lot	856,518	860,255	
Resource Recovery	3,636,402	3,813,799	614,954
Transit	7,597,860	4,079,218	2,016,867
Ames/ISU Ice Arena	480,418	417,715	
Homewood Golf Course	217,964	215,923	
Total business-type activities	214,591,266	222,158,138	2,721,873
Total primary government	$ 254,169,705	$ 226,732,278	$ 6,267,227
Component unit:			
Mary Greeley Medical Center Foundation	$ 773,587		$ 958,207

General revenues:
- Taxes:
  - Property taxes
  - Sales taxes
  - Road use tax
- Grants and contributions not restricted to specific programs
- Investment earnings

Gain on disposal of capital assets
Transfers
Total general revenues and transfers

Change in net assets

Total net assets at beginning of year
Restatement of net assets
Total net assets as restated

Total net assets at end of year

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

Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets Primary Government: Governmental Activities	Business-type Activities	Total	Component Unit
	$ (10,594,100)		$ (10,594,100)	
3,968,164	(7,384,716)		(7,384,716)	
	(1,034,327)		(1,034,327)	
2,151,197	(2,121,286)		(2,121,286)	
	(1,089,998)		(1,089,998)	
	(1,577,315)		(1,577,315)	
	(1,537,842)		(1,537,842)	
6,119,361	(25,339,584)		(25,339,584)	
		$ 7,192,193	7,192,193	
		4,245,535	4,245,535	
582,221		(585,974)	(585,974)	
604,368		1,023,486	1,023,486	
		370,525	370,525	
		3,737	3,737	
		792,351	792,351	
2,084,112		582,337	582,337	
20,000		(42,703)	(42,703)	
		(2,041)	(2,041)	
3,290,701		13,579,446	13,579,446	
$ 9,410,062	(25,339,584)	13,579,446	(11,760,138)	
$				$ 184,620
	20,147,655		20,147,655	
	6,997,159		6,997,159	
	4,346,879		4,346,879	
	20,676		20,676	
	2,058,452	(750,318)	1,308,134	(575,088)
		2,814	2,814	
	292,383	(292,383)		
	33,863,204	(1,039,887)	32,823,317	(575,088)
	8,523,620	12,539,559	21,063,179	(390,468)
	118,736,539	362,693,471	481,430,010	10,852,974
	339,009		339,009	
	119,075,548	362,693,471	481,769,019	10,852,974
	$ 127,599,168	$ 375,233,030	$ 502,832,198	$ 10,462,506

CITY OF AMES, IOWA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

ASSETS	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Cash and pooled cash investments	$ 5,200,151	$ 1,291,615	$ 7,435,497	$ 18,144,642	$ 32,071,905
Taxes receivable	190,928	120,120		17,431	328,479
Special assessments receivable			166,461		166,461
Accounts receivable	299,448		1,250	130,621	431,319
Accrued interest receivable	127,634	11,442	138	62,091	201,305
Intergovernmental receivables	113,617		560,030	1,790,794	2,464,441
Loans receivable				68,279	68,279
Due from other funds	1,242,237	233	66,497	80,430	1,389,397
Inventories	39,980			124,267	164,247
Houses held for resale				236,944	236,944
Prepaid items	32,909			3,324	36,233
Succeeding year taxes receivable	12,412,821	8,037,938		956,491	21,407,250
Long-term loans receivable				224,502	224,502
Long-term special assessments receivable			235,534		235,534
Total assets	$ 19,659,725	$ 9,461,348	$ 8,465,407	$ 21,839,816	$ 59,426,296
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 160,182		$ 589,519	$ 644,457	$ 1,394,158
Retainage payable			319,219	60,715	379,934
Interest payable				22	22
Due to other governments	41,299		2,950	16,597	60,846
Compensation and payroll taxes	107,303		5,318	52,785	165,406
Due to other funds	272,269		632,853	932,766	1,837,888
Deferred revenue	12,218		235,534	285,113	532,865
Succeeding year deferred revenue	12,412,821	$ 8,037,938		956,491	21,407,250
Customer deposits				91,857	91,857
Total liabilities	13,006,092	8,037,938	1,785,393	3,040,803	25,870,226
Fund balances:					
Reserved for:					
Encumbrances	203,179		6,680,014	834,211	7,717,404
Perpetual care				845,906	845,906
Furman Aquatic Center endowment				1,000,000	1,000,000
Inventories	39,980			124,267	164,247
Houses held for resale				236,944	236,944
Long-term loans receivable				224,502	224,502
Prepaid items	32,909			3,324	36,233
Debt service		1,423,410			1,423,410
State and grant restricted purpose				2,267,508	2,267,508
Donor restricted purposes				1,023,102	1,023,102
Unreserved:					
Designated for subsequent year's expenditures in nonmajor special revenue funds				2,415,492	2,415,492
Unreserved, reported in:					
General fund	6,377,565				6,377,565
Nonmajor special revenue funds				9,823,757	9,823,757
Total fund balances	6,653,633	1,423,410	6,680,014	18,799,013	33,556,070
Total liabilities and fund balances	$ 19,659,725	$ 9,461,348	$ 8,465,407	$ 21,839,816	$ 59,426,296

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

CITY OF AMES, IOWA

RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET ASSETS
JUNE 30, 2008

Fund balances - total governmental funds	$ 33,556,070
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Land	10,983,578
Other nondepreciable assets	4,298,677
Depreciable assets	166,238,252
Construction in progress	9,341,811
Less: accumulated depreciation	(66,108,565)
	124,753,753
Debt issuance costs are deferred and amortized over the life of the bonds	137,146
Hotel/Motel taxes collected after year-end are not available soon enough to pay for the current period's expenditures and are reported as deferred revenue in the funds; 28.6% is accrued for the government-wide	80,945
Long-term special assessments receivable are not considered available to pay for the curent period's expenditures and are reported as deferred revenue in the funds.	235,534
Internal service funds are used by management to charge the costs of fleet services and acquisition, data processing and telecommunications, and health, workers compensation and other insurance to individual funds:	
Current assets	12,153,034
Depreciable assets	12,224,235
Less: accumulated depreciation	(7,537,247)
Current liabilities	(1,425,637)
Long-term liabilities	(134,880)
	15,279,505
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	
Interest payable on general obligation bonds	(129,359)
Long-term employee benefits payable	(1,603,967)
Post-employment benefits	(1,650)
General obligation bonds payable	(39,854,081)
Unamortized premiums on bonds sold	(229,787)
	(41,818,844)
Internal balance due to integration of internal service funds	(4,624,941)
Net assets of governmental activities	$ 127,599,168

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

CITY OF AMES, IOWA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	General	Debt Service	Capital Projects
Revenues:			
Taxes	$ 11,735,223	$ 7,119,390	
Special assessments			$ 117,218
Licenses and permits	1,083,017		
Intergovernmental	330,480	35,392	1,741,517
Charges for services	3,179,950		
Fines and forfeits	186,848		
Donations	12,202		
Investment earnings	885,729	229,180	346,556
Miscellaneous	148,702		1,384
Total revenues	17,562,151	7,383,962	2,206,675
Expenditures:			
Current:			
Public safety	12,771,746		
Public works	1,259,985	315,000	
Health and social services	140,081		
Culture and recreation	5,739,333		
Community and economic development	615,447		
General government	2,094,319		
Capital projects			9,399,243
Debt service:			
Principal retirement		5,630,919	
Interest and fiscal charges		1,620,271	
Total expenditures	22,620,911	7,566,190	9,399,243
Excess (deficiency) of revenues over (under) expenditures	(5,058,760)	(182,228)	(7,192,568)
Other financing sources (uses):			
Issuance of bonds			9,059,781
Premiums on debt issued		69,583	
Transfers in	6,487,717	428,861	1,304,492
Transfers out	(1,321,469)		(1,602,208)
Total other financing sources (uses)	5,166,248	498,444	8,762,065
Net change in fund balances	107,488	316,216	1,569,497
Fund balances at beginning of year	6,546,145	1,107,194	5,110,517
Restatement of fund balances			
Beginning fund balances as restated	6,546,145	1,107,194	5,110,517
Fund balances at end of year	$ 6,653,633	$ 1,423,410	$ 6,680,014

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

Other Governmental Funds	Total Governmental Funds
$ 1,293,042	$ 20,147,655
	117,218
	1,083,017
13,149,846	15,257,235
216,898	3,396,848
	186,848
3,176,317	3,188,519
362,961	1,824,426
26,812	176,898
18,225,876	45,378,664
155,626	12,927,372
3,542,649	5,117,634
893,695	1,033,776
421,589	6,160,922
2,602,521	3,217,968
112,743	2,207,062
2,063,799	11,463,042
	5,630,919
	1,620,271
9,792,622	49,378,966
8,433,254	(4,000,302)
	9,059,781
	69,583
163,309	8,384,379
(5,177,964)	(8,101,641)
(5,014,655)	9,412,102
3,418,599	5,411,800
15,041,405	27,805,261
339,009	339,009
15,380,414	28,144,270
$ 18,799,013	$ 33,556,070

CITY OF AMES, IOWA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2008

Net change in fund balances - total governmental funds	$ 5,411,800
Amounts reported for governmental activities in the statement of net assets are different because:	
Governmental funds report capital outlay as expenditures. In the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Current additions to capital assets	12,837,268
Current deletion of capital assets	(1,176,187)
Depreciation expense on capital assets is reported in the government-wide statement of activities but does not require the use of current financial resources. Depreciation expense is not reported as an expenditure in governmental funds.	
Current depreciation	(6,088,413)
Current elimination of depreciation on deleted assets	725,182
Debt issuance costs do not require the use of current financial resources; they are amortized over the life of the debt.	27,637
Current year amortization of debt issuance costs is not shown as an expenditure in governmental funds.	(18,684)
Hotel/Motel taxes collected after year-end are shown as deferred revenue in the funds and revenue in the government-wide statements.	80,945
Prior year accrued Hotel/Motel taxes are shown as revenue in the funds and not in the government-wide statements.	(81,355)
The change in long-term special assessments receivable is shown as deferred revenue in the funds and revenue in the government-wide statements.	(102,975)
Premiums on bonds sold are not current financial resources. They are used to reduce the amount of interest expense and amortized over the life of the bonds issued.	(69,583)
Current year amortization of premiums is not shown as a revenue. It is used to reduce current year interest expense.	84,490
Long-term employee benefits and post-employment benefits are reported in the government-wide statement of activities and changes in net assets. They do not require the use of current financial resources and are not reported as expenditures in governmental funds.	(95,677)
Bond proceeds provide current financial resources to governmental funds. Issuing debt increases long-term liabilities in the government-wide statement of net assets. Repayment of bond principal is an expenditure in the governmental funds. Repayment reduces long-term liabilities in the government-wide statement of net assets.	
Bond proceeds from issuances	(9,130,000)
Payments on long-term debt	5,630,919
Interest expense on long-term debt is reported in the government-wide statement of activities and changes in net assets. It does not require the use of current financial resources. This interest expense is not reported as an expenditure in the governmental funds.	
Reversal of prior year accrued interest on general obligation bonds	118,345
Interest payable on general obligation bonds at year-end	(129,359)
Internal service funds are used by management to charge the costs of fleet services and acquisition, data processing and telecommunications, and health, workers compensation, and other insurance to individual funds. The revenues and expenses of the internal service funds are divided between the governmental funds and business-type funds according to their proportion of usage.	
Portion of internal service funds	499,267
Change in net assets of governmental activities	$ 8,523,620

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

smart ENERGY

USING RESOURCES RESOURCEFULLY

Demand Side Management Program

- **Incentives for Reducing Consumption**
- **Educational Components**

CITY OF AMES, IOWA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008

	Business-type Activities - Enterprise Funds		
ASSETS	**Mary Greeley Medical Center**	**Electric Utility**	**Sewer Utility**
Current assets:			
Cash and pooled cash investments	$ 13,461,961	$ 2,487,779	$ 5,230,341
Investments		20,242,937	
Accounts receivable, net	20,660,056	6,151,733	490,885
Accrued interest receivable		145,211	39,904
Intergovernmental receivables		423,034	13,167
Due from other funds		91,954	34,964
Inventories	2,657,990	4,692,054	
Prepaid items	1,260,374	9,477	490
Total unrestricted current assets	38,040,381	34,244,179	5,809,751
Restricted current assets:			
Investments	2,727,877		
Accrued interest receivable	342,693		
Total restricted current assets	3,070,570		
Total current assets	41,110,951	34,244,179	5,809,751
Noncurrent assets:			
Long-term investments		50,532	
Accounts receivable			
Deferred debt issuance costs, net	449,400		
Capital assets:			
Land	4,774,987	1,586,363	1,910,222
Land improvements	1,229,128		
Plant and distribution systems		148,084,369	69,549,435
Buildings	97,228,084		
Equipment	81,501,805		
Construction in progress	2,851,728	9,096,460	45,857
Less accumulated depreciation	(87,151,630)	(103,262,104)	(33,541,836)
Capital assets, net	100,434,102	55,505,088	37,963,678
Total unrestricted noncurrent assets	100,883,502	55,555,620	37,963,678
Restricted noncurrent assets:			
Long-term investments	78,399,150		
Total noncurrent assets	179,282,652	55,555,620	37,963,678
Total assets	220,393,603	89,799,799	43,773,429

Business-type Activities - Enterprise Funds (continued)			Internal Service Funds
Water Utility	Other Enterprise Funds	Totals	
$ 5,397,065	$ 5,188,936	$ 31,766,082	$ 11,402,053
		20,242,937	
771,514	439,781	28,513,969	62,480
42,015	39,532	266,662	89,758
1,972	871,804	1,309,977	10,523
373,843	184,353	685,114	503,558
213,191	193,649	7,756,884	70,912
789	1,268	1,272,398	898,270
6,800,389	6,919,323	91,814,023	13,037,554
		2,727,877	
		342,693	
		3,070,570	
6,800,389	6,919,323	94,884,593	13,037,554
		50,532	
1,427	6,187	457,014	
581,413	1,420,200	10,273,185	
	1,573,063	2,802,191	180,852
48,696,555		266,330,359	
	23,700,914	120,928,998	551,493
	14,888,072	96,389,877	11,505,560
1,735,196		13,729,241	
(16,817,858)	(19,322,002)	(260,095,430)	(7,548,639)
34,195,306	22,260,247	250,358,421	4,689,266
34,196,733	22,266,434	250,865,967	4,689,266
		78,399,150	
34,196,733	22,266,434	329,265,117	4,689,266
40,997,122	29,185,757	424,149,710	17,726,820

(continued)

CITY OF AMES, IOWA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008

	Business-type Activities - Enterprise Funds		
LIABILITIES	**Mary Greeley Medical Center**	**Electric Utility**	**Sewer Utility**
Current liabilities:			
Accounts payable	$ 6,792,645	$ 3,788,909	$ 163,888
Retainage payable	701,923	38,773	8,366
Due to other governments		117,055	9,231
Compensation and payroll taxes	3,292,753	121,254	9,139
Employee benefits	9,789,516	29,534	7,057
Due to other funds		420,019	84,132
Bonds payable	1,060,000		
Interest payable	85,451	55,248	
Claims payable			
Unearned revenue			
Landfill postclosure costs			
Customer deposits		845,727	
Total current liabilities	21,722,288	5,416,519	281,813
Noncurrent liabilities:			
Employee benefits		530,477	119,375
Post-employment benefits	759,000	602	165
Bonds payable	21,495,000		
Unamortized premiums on bonds issued	568,710		
Deferred charges	(540,801)		
Claims payable	295,328		
Landfill postclosure costs			
Total noncurrent liabilities	22,577,237	531,079	119,540
Total liabilities	44,299,525	5,947,598	401,353
NET ASSETS			
Invested in capital assets, net of related debt	77,879,102	55,505,088	37,963,678
Restricted for debt service	1,582,837		
Unrestricted	96,632,139	28,347,113	5,408,398
Total net assets	$ 176,094,078	$ 83,852,201	$ 43,372,076

Adjustment to reflect the consolidation of internal service fund activities related to business-type activities.

Net assets of business-type activities

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

Business-type Activities - Enterprise Funds (continued)			Internal Service Funds
Water Utility	Other Enterprise Funds	Totals	
$ 233,340	$ 200,975	$ 11,179,757	$ 605,446
91,408	140,374	980,844	
24,272	58,850	209,408	60,899
27,395	153,035	3,603,576	16,692
9,009	19,921	9,855,037	6,079
106,290	106,929	717,370	22,811
35,047	435,000	1,530,047	
1,503	2,508	144,710	
			926,635
	5,725	5,725	
	16,141	16,141	
		845,727	
528,264	1,139,458	29,088,342	1,638,562
166,357	315,248	1,131,457	143,696
188	450	760,405	155
445,872	425,000	22,365,872	
3,592	29,703	602,005	
	(18,570)	(559,371)	
		295,328	
	522,485	522,485	
616,009	1,274,316	25,118,181	143,851
1,144,273	2,413,774	54,206,523	1,782,413
33,714,387	21,400,247	226,462,502	4,689,266
		1,582,837	
6,138,462	5,371,736	143,480,685	11,255,141
$ 39,852,849	$ 26,771,983	$ 369,943,187	$ 15,944,407
		5,289,843	
		$ 375,233,030	

(concluded)

CITY OF AMES, IOWA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Business-type Activities - Enterprise Funds		
	Mary Greeley Medical Center	Electric Utility	Sewer Utility
Operating revenues:			
Charges for goods and services	$ 152,684,036	$ 47,973,171	$ 4,811,331
Operating expenses:			
Cost of goods and services	109,601,580	39,821,781	3,495,480
Administration	23,500,505	897,334	517,311
Depreciation	11,257,625	2,810,585	1,923,889
Total operating expenses	144,359,710	43,529,700	5,936,680
Operating income (loss)	8,324,326	4,443,471	(1,125,349)
Nonoperating revenues (expenses):			
Investment earnings	(2,507,994)	1,010,847	231,218
Interest expense	(1,147,839)	(53,114)	
Restricted donations	24,458		
Federal, state, and other operating grants	65,594		
Costs reimbursed by contract participants			
Gain (loss) on disposal of capital assets	(74,346)	2,814	(20,786)
Total nonoperating revenues	(3,640,127)	960,547	210,432
Income (loss) before contributions and transfers	4,684,199	5,404,018	(914,917)
Capital contributions			582,221
Transfers in			
Transfers out		(1,565,249)	(3,215)
Change in net assets	4,684,199	3,838,769	(335,911)
Total net assets at beginning of year	171,409,879	80,013,432	43,707,987
Total net assets at end of year	$ 176,094,078	$ 83,852,201	$ 43,372,076

Change in net assets

Adjustment to reflect the consolidation of internal service fund activities related to business-type activities

Change in net assets of business-type activities

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

Business-type Activities - Enterprise Funds (continued)				
Water Utility	Other Enterprise Funds	Totals		Internal Service Funds
$ 6,474,046	$ 10,215,554	$ 222,158,138		$ 11,587,766
4,681,841	10,657,885	168,258,567		10,941,094
268,893	1,052,302	26,236,345		
1,067,820	1,442,674	18,502,593		932,972
6,018,554	13,152,861	212,997,505		11,874,066
455,492	(2,937,307)	9,160,633		(286,300)
261,447	254,164	(750,318)		520,833
(11,892)	(41,957)	(1,254,802)		
		24,458		
	2,016,867	2,082,461		
	614,954	614,954		
	(7,975)	(100,293)		19,237
249,555	2,836,053	616,460		540,070
705,047	(101,254)	9,777,093		253,770
604,368	2,104,112	3,290,701		
	1,279,296	1,279,296		9,645
(3,215)		(1,571,679)		
1,306,200	3,282,154	12,775,411		263,415
38,546,649	23,489,829	357,167,776		15,680,992
$ 39,852,849	$ 26,771,983	$ 369,943,187		$ 15,944,407
		$ 12,775,411		
		(235,852)		
		$ 12,539,559		

CITY OF AMES, IOWA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Business-type Activities - Enterprise Funds		
	Mary Greeley Medical Center	Electric Utility	Sewer Utility
Cash flows from operating activities:			
Receipts from customers	$ 142,606,069	$ 47,919,549	$ 4,791,309
Payments to suppliers	(58,405,704)	(34,601,266)	(1,161,734)
Payments to employees	(70,892,703)	(7,411,226)	(2,018,417)
Payments for interfund services used		(1,488,518)	(834,096)
Other receipts	9,383,251		
Net cash provided by (used in) operating activities	22,690,913	4,418,539	777,062
Cash flows from noncapital financing activities:			
Operating grants	65,594		
Costs reimbursed by contract participants			
Transfers in			
Transfers out		(1,565,249)	(3,215)
Net cash provided by (used in) noncapital financing activities	65,594	(1,565,249)	(3,215)
Cash flows from capital and related financing activities:			
Proceeds from issuance of bonds			
Principal paid on revenue bond maturities	(1,030,000)	(100,000)	
Principal paid on general obligation bond maturities			
Interest paid and other fiscal charges	(1,056,613)	(35,983)	
Purchases of capital assets	(12,487,756)	(964,609)	(421,364)
Principal paid on notes payable	(27,865)		
Proceeds from sale of capital assets	71,520		
Restricted donations	24,458		
Capital contributions			
Net cash used in capital and related financing activities	(14,506,256)	(1,100,592)	(421,364)
Cash flows from investing activities:			
Purchase of investments	(18,936,521)	(45,686,941)	
Proceeds from sales and maturities of investments	13,214,055	43,944,902	
Interest on investments and pooled cash	5,110,530	935,380	228,734
Net cash provided by (used in) investing activities	(611,936)	(806,659)	228,734

Business-type Activities - Enterprise Funds (continued)			
Water Utility	Other Enterprise Funds	Totals	Internal Service Funds
$ 6,061,737	$ 10,001,831	$ 211,380,495	$ 11,495,486
(1,712,880)	(4,282,362)	(100,163,946)	(8,410,098)
(2,153,203)	(6,347,781)	(88,823,330)	(1,614,927)
(1,159,444)	(1,152,236)	(4,634,294)	(540,014)
		9,383,251	
1,036,210	(1,780,548)	27,142,176	930,447
	2,016,867	2,082,461	
	614,954	614,954	
	1,279,296	1,279,296	9,645
(3,215)		(1,571,679)	
(3,215)	3,911,117	2,405,032	9,645
502,297		502,297	
		(1,130,000)	
(19,081)	(450,000)	(469,081)	
(10,521)	(45,850)	(1,148,967)	
(1,981,669)	(2,523,305)	(18,378,703)	(592,744)
		(27,865)	
	2,025	73,545	122,461
		24,458	
	2,104,112	2,104,112	
(1,508,974)	(913,018)	(18,450,204)	(470,283)
		(64,623,462)	
		57,158,957	
263,754	246,171	6,784,569	517,587
263,754	246,171	(679,936)	517,587

(continued)

CITY OF AMES, IOWA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Business-type Activities - Enterprise Funds		
	Mary Greeley Medical Center	Electric Utility	Sewer Utility
Net change in cash and pooled cash investments	7,638,315	946,039	581,217
Cash and pooled cash investments at beginning of year	5,823,646	1,541,740	4,649,124
Cash and pooled cash investments at end of year	$ 13,461,961	$ 2,487,779	$ 5,230,341
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	$ 8,324,326	$ 4,443,471	$ (1,125,349)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	11,257,625	2,810,585	1,923,889
Changes in:			
Accounts receivable, net	(270,541)	(769,343)	(447)
Intergovernmental receivables		616,618	(2,443)
Due from other funds		74,189	(17,132)
Inventories	(287,170)	(1,257,821)	
Prepaid items	(216,491)	(887)	(436)
Accounts payable	989,262	(1,479,547)	11,672
Due to other governments		(219,864)	1,386
Accrued expenses	2,893,902	22,767	(11,764)
Due to other funds		153,457	(2,314)
Claims payable			
Unearned revenue			
Customer deposits		24,914	
Landfill postclosure costs			
Net cash provided by (used in) operating activities	$ 22,690,913	$ 4,418,539	$ 777,062

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND CAPITAL FINANCING ACTIVITIES:

Unrealized increases (decreases) in the fair value of investments	$ (7,618,524)	$ 115,154	$ 18,033
Noncash capital asset contributions			$ 582,221
Capital asset trade-ins		$ 22,995	

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

Business-type Activities - Enterprise Funds (continued)			
Water Utility	Other Enterprise Funds	Totals	Internal Service Funds
(212,225)	1,463,722	10,417,068	987,396
5,609,290	3,725,214	21,349,014	10,414,657
$ 5,397,065	$ 5,188,936	$ 31,766,082	$ 11,402,053
$ 455,492	$ (2,937,307)	$ 9,160,633	$ (286,300)
1,067,820	1,442,674	18,502,593	932,972
(53,020)	77,612	(1,015,739)	79,479
(1,602)	(163,400)	449,173	(2,023)
(357,687)	(128,615)	(429,245)	(169,736)
(47,239)	7,872	(1,584,358)	(9,039)
(425)	(31)	(218,270)	(35,971)
(41,984)	(113,891)	(634,488)	113,916
2,299	(39,505)	(255,684)	30,437
11,795	70,078	2,986,778	14,164
761	16,544	168,448	6,907
			255,641
	680	680	
		24,914	
	(13,259)	(13,259)	
$ 1,036,210	$ (1,780,548)	$ 27,142,176	$ 930,447
$ 21,023	$ 19,739	$ (7,444,575)	$ 40,920
$ 604,368		$ 1,186,589	
		$ 22,995	$ 15,500

(concluded)

CITY OF AMES, IOWA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2008

		Agency Funds
ASSETS		
Cash and pooled cash investments	$	222,228
LIABILITIES		
Accounts payable	$	37,628
Due to other governments		184,600
Total liabilities	$	222,228

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Ames, Iowa (City) was incorporated in 1869 under the laws of the State of Iowa, later amended in July 1975 under the Home Rule City Act. The City operates under a council-manager form of government. The accompanying financial statements present the government entities for which the City is considered to be financially accountable. The City operates a non-profit municipal hospital, Mary Greeley Medical Center. A separately elected board of trustees governs the municipal 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, therefore it is included as part of the primary government.

The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component units. The Mary Greeley Medical Center Foundation ("Foundation") is a legally separate, component unit of the hospital. It is considered a component unit of the city because the majority of resources or income thereon that the Foundation holds and invests are restricted to the activities of the Mary Greeley Medical Center by the donors. The Foundation's financial statements are available from Mary Greeley Medical Center.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, service or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The City has not allocated indirect costs separately in the government-wide statement of activities because the allocation is automatic. Certain indirect costs are included in the program expense reported for the individual functions, programs, and activities.

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. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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.

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 to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, other taxes, 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 due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The general fund is the City's main operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The debt service fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The capital projects fund is used to account for all resources used in the acquisition and construction of capital facilities and other fixed assets, with the exception of those that are financed through proprietary fund types.

The City reports the following major proprietary funds:

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

The electric utility fund accounts for the operation of a municipally owned electric plant, which generates and distributes electrical power to customers within the City and some contiguous areas.

The sewer utility fund accounts for the activities related to the operation of a sanitary distribution system and the sewer treatment plant.

The water utility 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 operations of fleet services and acquisitions, data processing and telecommunications, workers' compensation and general insurance, 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 function as a clearing mechanism for payroll taxes and employee flexible benefits. They apply the accrual basis of accounting but do not have a measurement focus.

A permanent fund is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water, sewer, and electric utility functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 City's enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds 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 nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand and demand deposits.

The City is authorized by state statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council and the Treasurer of the State of Iowa; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; and certain joint investment trusts.

Investments are carried at fair value, which is based on quoted market prices. Investments in the Iowa Public Agency Investment Trust are valued at amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

The City has several nonmajor special revenue funds which have investment interest income and/or net increases (decreases) in fair value which have been assigned to the City's General Fund.

2. Receivables and Payables

Activity between the internal service funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (the current portion of interfund loans) or "advances to/from other funds" (the non-current portion of interfund loans).

All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All utility customer accounts receivable and Mary Greeley Medical Center patient accounts receivable are shown net of an allowance for uncollectibles. Property tax receivables are

shown at a gross amount since they are assessable to the property and collectible upon sale of the assessed property.

Property taxes are levied on July 1 prior to the fiscal year for which the taxes are to be collected. They become an enforceable lien against the property when they are officially levied. Property taxes are payable in installments with one-half due September 30 and one-half due March 31. The City recognizes a succeeding year receivable and deferred revenue for taxes levied on July 1 of the current fiscal year that will not be collected until the next fiscal year.

Special assessments receivable are recorded at the time of their levy.

Net patient service revenue of Mary Greeley Medical Center (MGMC) is reported at the estimated net realizable amount from patients, third-party payors, and others for services rendered. Retroactive adjustments under reimbursement agreements with third-party payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

MGMC provides care to patients who meet certain criteria under its financial assistance policy without charge or at amounts less than established rates. Because MGMC does not pursue collection of amounts determined to qualify as financial assistance, they are not reported as net patient service revenue.

Charity care is also provided through reduced price services and free programs offered throughout the year based on activities and services Mary Greeley Medical Center believes will serve a community health need. These activities include health promotion, health education, civic involvement, research activities, community funding, and various health screening programs and are not reflected in the amount reported as charity care in the financial statements.

3. Inventories and Prepaid Items

City inventories are maintained on a perpetual basis; materials and supplies and medical supplies and drugs are priced at an average cost, while coal is stated at the lower of cost (first-in, first-out) or market. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased (the consumption method of accounting). Houses held for resale are priced at cost.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Assets

Certain assets of Mary Greeley Medical Center are restricted for the repayment of debt service and capital improvements.

5. Capital Assets

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

In June 1999, the Government Accounting Standards Board (GASB) issued Statement No. 34 which requires the inclusion of infrastructure capital assets in local governments' basic financial statements. Prospective reporting of general infrastructure assets is required beginning at the effective date of Statement 34. The City is required to retroactively report all major general infrastructure assets for fiscal years beginning after June 15, 2005 but is encouraged to retroactively report these assets at an earlier date. The City has retroactively reported all major general infrastructure assets at June 30, 2006.

Only major general infrastructure assets are required to be retroactively reported. The GASB defined major general infrastructure assets at the network and subsystem levels as percentages of the total assets from the general fixed asset account group at June 30, 1999. The City has not retroactively capitalized the bike path network as its value was determined to be below that determined by the requirements of Statement 34. Sidewalks belong to the property owners and are maintained by them and are not assets of the City.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest expense was included as part of the cost of capital assets under construction in connection with Mary Greeley Medical Center construction projects.

Property, plant and equipment of the City is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Improvements other than buildings	20-40
Buildings	25-45
Plant and distribution system	25-50
Equipment	3-50
General infrastructure	15-50

6. Compensated Absences

It is the City's policy to permit employees to accumulate vacation and sick leave hours (compensated absences), as well as compensatory time for overtime, for subsequent use or for payment upon termination, death, or retirement. There is an estimate for a liability for unpaid accumulated sick leave as employees may receive payment for 25% of accumulated hours in excess of 720 upon retirement only. All vacation, compensatory time, and estimated retirement severance are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

7. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and issuance costs are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest rate method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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. 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 a public hearing prior to adopting the budget.

Amendments to the budget are considered twice a 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 financial statements reflect the original and the revised budget.

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

The City prepares its budget on the basis of accounting principles generally accepted in the United States of America with the following exceptions. The enterprise funds do not budget depreciation expense but do budget for debt service expenditures and capital outlay. Internal service funds are not budgeted. Appropriations as adopted or amended lapse at the end of the fiscal year, and encumbrances are reappropriated for the following fiscal year.

Encumbrance accounting is used in governmental funds. Encumbrances, made up of purchase orders and contracts, outstanding at year end are reported as reservations of fund balances. They do not constitute expenditures or liabilities because the commitments will be reappropriated and honored in the subsequent year.

3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits

The City's deposits at June 30, 2008 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 the 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 to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City of Ames. Because of the inability to measure the exact amounts of collateral pledged for the City of Ames under this method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of Iowa enforces strict

standards of financial stability for each depository that collateralizes public deposits. The City of Ames has no policy regarding custodial credit risk for deposits.

Investments

The table below identifies the investment types that are authorized for the City of Ames by the City of Ames Investment Policy. The Medical Center is guided by Chapters 12B and 12C of the Code of Iowa and policy as approved by the Board of Trustees in the selection of security investments. The City of Ames Investment Policy considers certificates of deposit as investments and all certificates of deposit purchased by the City of Ames are nonnegotiable. However, under GAAP, nonnegotiable certificates of deposit are cash deposits and not investments. The table also identifies certain provisions of the investment policy that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Operating Funds Maximum Maturity	Non-Operating Funds Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	397 Days	7 Years	N/A	N/A
U.S. Agency Securities	397 Days	7 Years	N/A	N/A
Certificates of Deposit	397 Days	7 Years	N/A	N/A
Prime Banker's Acceptances	270 Days	270 Days	10%	5%
Commercial Paper	270 Days	270 Days	10%	5%
Repurchase Agreements	397 Days	7 Years	N/A	N/A
Constant Dollar Money Market Funds	397 Days	7 Years	N/A	N/A
Joint Investment Trust	397 Days	7 Years	N/A	N/A
Warrants or Improvement Certificates of a Levee or Drainage District	397 Days	7 Years	N/A	N/A
Mutual Funds	N/A	N/A	N/A	N/A
U. S. Treasury Notes	17 Years	N/A	N/A	N/A
Corporate Debt Securities	N/A	30 Years	N/A	5%

At June 30, 2008, the City's investment balances were as follows:

Investment Type	Fair Value	Maturity
Iowa Public Agency Investment Trust	$ 17,241	N/A
Federal Agency Coupon Securities	21,392,499	Various 7/15/2008 thru 2/16/2043
Federal Agency Discount Securities	996,510	8/26/2008
Federal Agency Pass Through Securities	8,763,326	Various 8/1/2008 thru 7/1/2011
U.S. Treasury Notes	7,038,158	Various 5/15/2018 thru 8/15/2023
Mutual Funds	43,982,844	N/A
Corporate Debt Securities	21,449,652	Various 5/15/2008 thru 3/15/2067
Total:	$103,640,230	

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City of Ames manages exposure to interest rate risk is by purchasing a combination of shorter term and longer 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.

Information about the sensitivity of the fair values of the City of Ames' investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City of Ames' investments by maturity:

Investment Type	Fair Value	12 Months Or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Iowa Public Agency Investment Trust	$ 17,241	$ 17,241			
Federal Agency Coupon Securities	21,392,499	10,248,819	$ 1,441,315	$ 1,224,750	$ 8,477,615
Federal Agency Discount Securities	996,510	996,510			
Federal Agency Pass Through Securities	8,763,326	1,393,909	2,944,900	4,424,517	
U.S. Treasury Notes	7,038,158	2,679,552			4,358,606
Mutual Funds	43,982,844	43,982,844			
Corporate Debt Securities	21,449,652	4,700,989	389,157	4,319,083	12,040,423
Total	$ 103,640,230	$ 64,019,864	$ 4,775,372	$ 9,968,350	$ 24,876,644

The City of Ames' investments include the following investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above):

	Fair Value At Year End
Federal Agency Pass Through Securities. These securities are subject to early payment in a period of changing interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes the fair values of these securities highly sensitive to changes in interest rates.	$ 8,763,326

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City of Ames will minimize credit risk by using the following measures:

- Limiting investments to those authorized by the investment policy.

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

Presented below is the actual rating as of year end for each investment type of the City of Ames investment portfolio.

Investment Type		Ratings as of Year End
Iowa Public Agency Investment Trust	$ 17,241	N/A
Federal Agency Coupon Securities	21,392,499	AAA
Federal Agency Discount Securities	996,510	AAA
Federal Agency Pass Through Securities	8,763,326	AAA
U.S. Treasury Notes	7,038,158	N/A
Mutual Funds	43,982,844	N/A
Corporate Debt Securities	21,449,652	<Baa-AAA
Total	$ 103,640,230	

Concentration of Credit Risk

The investment policy of the City of Ames provides for limitations approved by City Council on the amount that can be invested in any one issuer. Investments in any one issuer that represent 5% or more of total City of Ames investments are as follows:

Issuer	Investment Type	Reported Amount	Percent of Portfolio
Federal Home Loan Bank	Federal Agency Securities	$ 9,236,629	8.92%
Federal National Mortgage Association	Federal Agency Securities	11,242,757	10.85%
Federal Home Loan Mortgage Co.	Federal Agency Securities	9,672,990	9.34%

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City of Ames' investment policy contains requirements that limit the exposure to custodial credit risk for deposits or investments by the following measures:

- Delivery vs. Payment-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.

- Bonding-City investment officials shall be bonded to protect loss of public funds against possible embezzlement and/or malfeasance.
- Internal Controls-The Investment Officer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City of Ames are protected from loss, theft, or misuse.

  The internal controls shall address the following points:

  - Control of collusion
  - Separation of transaction authority from accounting and record keeping
  - Custodial safekeeping
  - Delivery versus payment
  - Clear delegation of authority
  - Confirmation of transactions for investments and wire transfers

As of June 30, 2008, The City of Ames' investments in the following investment types were held by the same third party custodian that was used by the City of Ames to buy the securities and evidenced by safekeeping receipts:

Issuer	Investment Type	Reported Amount
Federal Home Loan Bank	Federal Agency Securities	$ 9,236,629
Federal National Mortgage Association	Federal Agency Securities	11,242,757
Federal Home Loan Mortgage Co.	Federal Agency Securities	9,672,990

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. As of June 30, 2008, the City of Ames had no exposure to foreign currency rate risk.

Foundation Investments

The Mary Greeley Medical Center Foundation reports under FASB standards. As such, adoption of GASB Statement No. 40, Deposit and Investment Risk Disclosures, was not required by the Foundation and, accordingly, no such disclosures are presented here.

Foundation investments at fair value at June 30, 2008 are summarized as follows:

Equity mutual funds	$ 3,955,636
Bond mutual funds	846,593
U.S. Treasury notes	176,985
Government agencies	160,451
Corporate debt securities	4,067,559
Certificates of deposit	550,382
Total investments	$ 9,757,606

B. Capital Assets

Capital asset activity for the year ended June 30, 2008 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 10,863,779	$ 119,799		$ 10,983,578
Land improvements	1,384,118			1,384,118
Construction in progress	3,106,865	8,079,806	$ 1,844,860	9,341,811
Public art collection	444,419	1,200		445,619
Library collection	2,526,833	390,013	447,906	2,468,940
Total capital assets not being depreciated	18,326,014	8,590,818	2,292,766	24,624,066
Capital assets being depreciated:				
Buildings	13,512,853	29,572	6,849	13,535,576
Equipment	13,281,351	1,004,236	394,271	13,891,316
Infrastructure	146,025,880	5,665,746	656,031	151,035,595
Total capital assets being depreciated	172,820,084	6,699,554	1,057,151	178,462,487
Less accumulated depreciation for:				
Buildings	6,456,750	336,456	4,795	6,788,411
Equipment	7,584,383	1,034,982	274,505	8,344,860
Infrastructure	53,523,181	5,645,390	656,030	58,512,541
Total accumulated depreciation	67,564,314	7,016,828	935,330	73,645,812
Total capital assets being depreciated, net	105,255,770	(317,274)	121,821	104,816,675
Governmental activitiies capital assets, net	$ 123,581,784	$ 8,273,544	$ 2,414,587	$ 129,440,741
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 10,019,218	253,967		$ 10,273,185
Construction in progress	12,116,430	4,599,521	$ 2,986,710	13,729,241
Total capital assets not being depreciated	22,135,648	4,853,488	2,986,710	24,002,426
Capital assets being depreciated:				
Plant and distribution systems	262,992,147	3,402,108	63,896	266,330,359
Buildings	116,061,187	5,414,870	547,059	120,928,998
Improvements other than buildings	2,533,434	283,851	15,094	2,802,191
Equipment	90,619,996	8,633,804	2,850,253	96,403,547
Total capital assets being depreciated	472,206,764	17,734,633	3,476,302	486,465,095
Less accumulated depreciation for:				
Plant and distribution systems	147,842,435	5,802,294	22,930	153,621,799
Buildings	39,627,752	4,217,274	546,667	43,298,359
Improvements other than buildings	1,311,197	113,179	15,094	1,409,282
Equipment	56,097,759	8,374,403	2,694,780	61,777,382
Total accumulated depreciation	244,879,143	18,507,150	3,279,471	260,106,822
Total capital assets being depreciated, net	227,327,621	(772,517)	196,831	226,358,273
Business-type activitiies capital assets, net	$ 249,463,269	$ 4,080,971	$ 3,183,541	$ 250,360,699

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

Governmental activities:	
Public safety	$ 427,754
Public works	5,924,903
Culture and recreation	456,933
Community and economic development	2,456
General government	204,782
Total depreciation expense governmental activities	$ 7,016,828
Business-type activities:	
Mary Greeley Medical Center	$ 11,257,625
Electric utility	2,813,406
Sewer utility	1,924,326
Water utility	1,068,280
Storm sewer utility	10,542
Parking lot	14,007
Resource Recovery	384,758
Transit	962,944
Ames/ISU Ice Arena	63,196
Homewood golf course	8,066
Total depreciation expense business-type activities	$ 18,507,150

The City had active construction projects at June 30, 2008. The commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
Street projects	$ 8,194,636	$ 1,777,580
Sewer projects	130,652	223,650
Park project	65,547	55,391
Aquatic Center project	1,411,244	7,865,136
Water projects	1,605,899	719,642
Electric projects	1,138,333	1,411,894
Total	$ 12,546,311	$ 12,053,293

The water projects remaining commitment of $719,642 will be reduced by at least $114,000 due to a liquidated damages clause of $750 per day for each day after July 1, 2008 that the water storage tank project is not completed.

C. Interfund Receivables, Payables, and Transfers

Individual interfund balances at June 30, 2008 were as follows:

	Due From								
Due To:	Total	General fund	Capital Projects	Electric fund	Sewer fund	Water fund	Nonmajor special revenue	Nonmajor enterprise	Internal Service
Major Funds:									
General fund	$ 1,242,237		$ 190,137	$ 177,223	$ 26,326	$ 31,125	$ 747,143	$ 50,638	$ 19,645
Debt service	233	$ 233							
Capital projects	66,497		63,249				3,248		
Electric fund	91,954				26,061	28,607	37,286		
Sewer fund	34,964		1,177	13,268		11,539	8,408	572	
Water fund	373,843		356,047	16,967			829		
Nonmajor Funds:									
Nonmajor special revenue	75,191	588			6,416	6,416	55,355	6,416	
Nonmajor enterprise	184,353	18,742	20,864	140,919			3,573		255
Internal service	503,558	247,467	1,379	71,642	25,329	28,603	76,924	49,303	2,911
Permanent fund	5,239	5,239							
Totals	$ 2,578,069	$ 272,269	$ 632,853	$ 420,019	$ 84,132	$ 106,290	$ 932,766	$ 106,929	$ 22,811

These balances arise for a variety of reasons, the majority of which are from sales of goods and services and unpaid reimbursable expenses.

Interfund 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. An example is the receipt of road use tax funds into the special revenue Road Use Tax Fund and transfer to the Capital Projects Fund where the funds will be spent. Another example is the State requirement that hotel/motel tax funds be receipted into the General Fund where they are then transferred to the special revenue Hotel/Motel Tax Fund for expenditure.

The following is a schedule of interfund transfers by fund type for the year ended June 30, 2008:

	Transfers From					
Transfer To:	Total	General fund	Capital projects	Sewer fund	Water fund	Electric fund	Nonmajor special revenue
Major Funds:							
General fund	$ 6,487,717					$ 1,565,249	$ 4,922,468
Debt service	428,861		$ 359,889				68,972
Capital projects	1,304,492	$ 62,173	1,242,319				
Nonmajor Funds:							
Nonmajor special revenue funds	163,309						163,309
Nonmajor enterprise funds	1,279,296	1,259,296					20,000
Internal service funds	9,645			$ 3,215	$ 3,215		3,215
Totals	$ 9,673,320	$ 1,321,469	$ 1,602,208	$ 3,215	$ 3,215	$ 1,565,249	$ 5,177,964

D. Leases and Notes Payable

The City had various leases with third parties for equipment and rental agreements. During the year ended June 30, 2008, $785,730 was paid. Future minimum payment requirements are as follows:

Year ending June 30,		
2009	$	14,490
2010		14,490
2011		14,490
2012		12,075
	$	55,545

E. Long-Term Debt

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and equipment. General obligation bonds are direct obligations of the City and pledge the full faith and credit of the City to their repayment. They have been issued for both governmental and business-type activities. These bonds are to be fully paid within 10 to 20 years of the date of issue. The City has also issued revenue bonds where the City pledges income derived from certain assets or programs to pay the debt service on these bonds.

Debt service on general obligation bonds is paid from the debt service fund. Revenue bond debt service is paid by the responsible enterprise fund. For the year ended June 30, 2008, Mary Greeley Medical Center paid $2,086,313 in principal and interest on revenue bonds and the Electric Utility Fund paid $103,000 in revenue bond principal and interest.

Details of bonds payable at June 30, 2008 are as follows:

	Date of Issue	Interest Rates	Amount Originally Issued	Maturity Date	Outstanding June 30, 2008
General obligation bonds:					
Corporate purpose	6/1998	4.13 - 4.25%	5,130,000	6/2010	850,000
Corporate purpose	6/1999	3.60 - 4.45%	4,045,000	6/2011	1,190,000
Corporate & Ice Arena	7/2000	4.75 - 5.15%	5,870,000	6/2012	2,355,000
Corporate purpose	8/2001	4.00 - 4.70%	10,080,000	6/2013	4,495,000
Fire station	12/2001	2.50 - 4.10%	1,310,000	6/2013	590,000
Ames Quarry	5/2002	4.00 - 5.13%	3,475,000	6/2021	2,655,000
Corporate purpose 2002B	10/2002	2.25 - 3.60%	5,885,000	6/2014	3,170,000
Resource Recovery GO refunding 2002C	10/2002	2.50 - 3.50%	3,976,194	6/2010	860,000
Corp & Ada Hayden Park	09/2003	1.10 - 3.70%	6,555,000	6/2015	3,815,000
Corp, Fire & Ada Hayden	10/2004	2.75 - 3.25%	6,030,000	6/2014	3,790,000
Corp, Fire & GO refunding	09/2005	3.50 - 3.65%	5,495,000	6/2017	3,395,000
Corporate purpose 2006	10/2006	4.00%	5,285,000	6/2018	4,645,000
Corporate, Pool & Water	11/2007	3.75 - 4.15%	9,630,000	6/2019	9,385,000
Total general obligation bonds					41,195,000 (a)
Revenue bonds:					
Mary Greeley Medical Center:					
2003 Refunding	6/2003	3.00 - 5.00%	29,385,000	6/2022	22,555,000
Total Mary Greeley Medical Center revenue bonds					22,555,000
Total revenue bonds					22,555,000 (b)
Total all bonds					$ 63,750,000

(a) Excludes unamortized premiums of $33,295 and unamortized charges arising from refunding of $18,570.

(b) Excludes unamortized premiums of $568,710 and unamortized charges arising from refunding of $540,801.

As of June 30, 2008, annual debt service requirements of governmental activities to maturity are as follows:

Year ending June 30	General Obligation Bonds Principal	General Obligation Bonds Interest
2009	5,849,953	1,552,306
2010	5,548,396	1,329,892
2011	5,311,838	1,111,980
2012	5,035,280	902,734
2013	4,558,723	703,434
2014-2018	11,789,020	1,597,764
2019-2022	1,760,871	116,286
Total requirements	$ 39,854,081	$ 7,314,396

Long-term debt amounts above and below are shown without reference to applicable premiums and unamortized costs.

As of June 30, 2008, annual debt service requirements of business-type activities to maturity are as follows:

Year ending June 30	General Obligation Bonds Principal	General Obligation Bonds Interest	Revenue Bonds Principal	Revenue Bonds Interest	Total Principal	Total Interest
2009	$ 470,047	$ 48,134	1,060,000	1,025,413	$ 1,530,047	$ 1,073,547
2010	461,604	31,595	1,090,000	993,613	1,551,604	1,025,208
2011	38,162	15,348	1,340,000	954,863	1,378,162	970,211
2012	39,720	13,916	1,375,000	912,988	1,414,720	926,904
2013	41,277	12,427	1,420,000	868,300	1,461,277	880,727
2014-2018	235,980	37,455	8,190,000	3,206,500	8,425,980	3,243,955
2019-2022	54,129	2,030	8,080,000	980,873	8,134,129	982,903
					-	-
Total requirements	$ 1,340,919	$ 160,905	$ 22,555,000	$ 8,942,550	$ 23,895,919	$ 9,103,455

The following is a summary of long-term liability activity for the year ended June 30, 2008:

	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008	Due Within One Year
Governmental Activities:					
General obligation bonds	$ 36,355,000	$ 9,130,000	$ (5,630,919)	$ 39,854,081	$ 5,849,953
Employee benefits	1,638,644	399,989	(294,278)	1,744,355	5,659
Post-employment benefits		1,802		1,802	
Total Governmental Activities	$ 37,993,644	$ 9,529,989	$ (5,925,197)	$ 41,598,436	$ 5,855,612
Business-Type Activities:					
Revenue bonds	$ 23,685,000		$ (1,130,000)	$ 22,555,000	$ 1,060,000
General obligation bonds	1,310,000	500,000	(469,081)	1,340,919	470,047
Employee benefits	9,165,462	10,471,261	(8,640,840)	10,995,883	9,855,457
Post-employment benefits		760,408		760,408	
Notes payable	27,865		(27,865)		
Landfill postclosure costs	551,885		(13,259)	538,626	16,141
Total Business-Type Activities	$ 34,740,212	$ 11,731,669	$ (10,281,045)	$ 36,190,836	$ 11,401,645

Typically long-term liabilities of the governmental funds, other than debt, are liquidated by the General Fund.

On October 23, 2007, the City issued $9,630,000 of general obligation corporate purpose bonds dated November 1, 2007. The proceeds are to be used for the cost of construction, reconstruction and repair of streets and storm sewers in the City, water fund projects, and construction of an aquatic complex.

The true interest cost on the bonds is 3.670978% and the maturity dates on the bonds range from June 1, 2008 through June 1, 2019. Debt service payments are scheduled semiannually at amounts that range from $19,781 to $1,074,781. The bonds maturing in the year June 1, 2016 and thereafter are subject to prior redemption on June 1, 2015 and any date thereafter at a price of par plus accrued interest to the date of redemption.

The City had three outstanding contracts between the Iowa Department of Economic Development (IDED) and city business entities for Community Economic Betterment Account (CEBA) loans at June 30, 2008. Although the notes bear the name of the City, the City has no obligation for such debt beyond the resources provided by the business entity upon whose behalf it is issued. Accordingly, the loans are not reported as a liability in the accompanying financial statements.

F. Restricted Net Assets

The amounts of net assets restricted for payment of debt service in the enterprise funds are as follows:

Mary Greeley Medical Center	$ 1,582,837

4. OTHER INFORMATION

A. 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 maintains a risk management fund (an internal service fund) to account for and finance its uninsured risks of loss. 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.

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 per $100. The charge is calculated using the Iowa manual compensation rates and an experience rating. 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 in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 563 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool 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.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses, and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's annual contributions to the Pool for the year ended June 30, 2008 were $402,379.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to $350,000 per claim. Claims exceeding $350,000 are reinsured in an amount not to exceed $2,650,000 per claim and $10,000,000 in aggregate per year. For members requiring specific coverage from $3,000,000 to $10,000,000, such excess coverage is also retained. Property and automobile physical damage risks are retained by the Pool up to $100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool'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, 2008, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The City also carries commercial insurance purchased from other insurers for coverage associated with property (buildings and contents) 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, 2008 and 2007 were as follows:

	2008	2007
Balance at July 1	$ 220,994	$ 289,678
Current year claims and changes in estimates	730,180	657,867
Claim payments	(474,539)	(726,551)
Balance at June 30	$ 476,635	$ 220,994

The City maintains a separate internal service fund to account for health benefits, becoming self-insured for medical claims effective July 1, 2000. The City carries excess health insurance through the risk pool of Blue Cross/Blue Shield of Iowa in the amount of $75,000 for specific claims each year and 125% of aggregate claims. The estimated liability for probable losses as recorded in the health benefits fund was:

	2008	2007
Balance at July 1	$ 450,000	$ 450,000
Current year claims and changes in estimates	4,490,361	4,370,013
Claim payments	(4,490,361)	(4,370,013)
Balance at June 30	$ 450,000	$ 450,000

The Mary Greeley Medical Center 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. Mary Greeley has accrued $262,085 for professional liability claims that are incurred but not reported as of June 30, 2008.

The Medical Center is self-insured for health care coverage of employees and carries stop-loss insurance coverage for claims in excess of $175,000 with a maximum aggregate limit of $1,000,000. Accrued costs related to health care coverage amounted to $712,173 at June 30, 2008.

As of April 1, 2007 Mary Greeley Medical Center became self-insured for workers' compensation coverage. Stop-loss insurance for claims in excess of $300,000 per individual claim with a maximum aggregated limit of $1,000,000 is carried by the medical center.

Changes in the balance of accrued claims for professional liabilities and health care coverage for the years ended June 30, 2008 and 2007, and changes in the balance of accrued claims for workers' compensation coverage from April 1, 2007 through June 30, 2008 for Mary Greeley Medical Center were as follows:

	Professional Liabilities		Health Care		Workers' Compensation	
	2008	2007	2008	2007	2008	2007
Balance at July 1	$ 253,372	$ 288,173	$ 803,300	$ 853,700	$ 25,642	$ -
Current year claims and changes in estimates	33,608	(27,487)	7,575,009	5,481,624	211,561	31,229
Claim payments	(24,895)	(7,314)	(7,666,136)	(5,532,024)	(144,229)	(5,587)
Balance at June 30	$ 262,085	$ 253,372	$ 712,173	$ 803,300	$ 92,974	$ 25,642

B. Subsequent Events

On September 23, 2008, the City issued $8,355,000 of general obligation corporate purpose bonds dated October 15, 2008. Proceeds to be used for the cost of construction, reconstruction and repair of streets and storm sewers in the City total $485,000; $2,530,000 will be used for water projects and abated by the water fund; the balance of $5,340,000 is to be used for construction of an outdoor aquatic center approved by a vote of the citizens.

The true interest cost on the bonds is 3.783% and the maturity dates on the bonds range from June 1, 2009 through June 1, 2020. Debt service payments are scheduled semiannually at amounts that range from $18,156 to $893,156. The bonds maturing in the year June 1, 2017 and thereafter are subject to prior redemption on June 1, 2016 and any date thereafter at a price of par plus accrued interest to the date of redemption.

C. Contingent Liabilities

The City legal department reported to management that, as of June 30, 2008, claims and lawsuits were on file against the City. The City legal department estimates that the potential claims not covered by insurance resulting from these cases 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 which result in an uninsured judgment.

The City participates in a number of federally assisted grant programs. The programs are subject to financial and compliance audits. The amount of expenditures, if any, which may be

disallowed by the granting agencies is not determinable at this time; however, City officials do not believe that such amounts would be significant.

The health care industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with these laws and regulations can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of regulations by health care providers which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues of patient services. Management of the Mary Greeley Medical Center believes that the Mary Greeley Medical Center is in substantial compliance with current laws and regulations.

The Mary Greeley Medical Center is involved in litigation and regulatory audits arising in the normal course of business. It is management's opinion that these matters will be resolved without material adverse effect on the Mary Greeley Medical Center's financial position or results of activities.

D. Landfill Postclosure Care Costs

The City stopped accepting solid waste at the landfill effective June 30, 1992 and has been in the process of closing the landfill since that time.

Federal and State of Iowa laws and regulations establish landfill closure and postclosure care requirements. The State of Iowa specifies financial assurance requirements in Code Section 567-Chapter 111. The Iowa code enumerated various allowable financial assurance mechanisms to meet the costs of closure and postclosure care. The City satisfies this requirement with its rating on its most recent bond issues.

The liability for postclosure care costs is based on 100% of the landfill capacity used to date with no remaining life. The estimated liability for postclosure care costs was adjusted in 2006 to a new estimate of future costs using current inflation figures and has a balance of $538,626 at June 30, 2008.

The City's written landfill postclosure plan includes estimates of costs of all equipment and services required to monitor and maintain the closed landfill. It anticipates that future costs will be subject to inflation and there may be additional requirements added over time. Unanticipated future inflation costs and costs that might arise from changes in postclosure requirements may require adjustment of the liability in future years.

E. Net Patient Service Revenue

As a provider of health care services, Mary Greeley Medical Center has agreements with third-party payors that provide for payment of services at amounts different from established rates. The basis for payment varies by payor and includes prospectively determined rates per discharge, discounts from established charges, and retroactively determined cost-based rates. Approximately 95 percent of gross patient charges determined at established rates for the year ended June 30, 2008 resulted from patients covered by these third-party reimbursement

programs. Significant changes have been made and may be made in certain of these programs which could have a material adverse impact on the financial condition of the Medical Center in future years.

The following summarizes the differences between gross patient service revenue determined at established rates and net patient service revenue:

		2008
Gross patient service revenue, at established rates	$	317,207,991
Deductions:		
Medicare program		(103,003,780)
Medicaid program		(11,814,731)
Blue Cross		(42,316,418)
Other payors		(11,826,862)
Bad debt expense		(4,945,415)
Net patient service revenue	$	143,300,785

F. Pension and Retirement Systems

The City of Ames is a participating employer in two multiple-employer, cost-sharing public employees retirement systems; Iowa Public Employees Retirement System (IPERS) and Municipal Fire and Police Retirement System of Iowa (MFPRSI). These plans are administered by outside trustees and are not included in the City's financial statements.

Summary of Significant Accounting Policies

Iowa Public Employees Retirement System

Plan Description and Provisions – The City is a participating employer in the Iowa Public Employees Retirement System (IPERS) which is a multiple-employer, cost sharing public employees' retirement system designed as a supplement to Social Security.

All employees earning in excess of $300 per quarter who do not participate in any other public retirement system in the State are eligible and must participate in IPERS. The pension plan provides retirement and death benefits which are established by State statute.

Funding Information – The Plan is administered by the State of Iowa and the City's responsibility is limited to payment of contributions. During the year ended June 30, 2008, State statute required contributions of 3.90 percent by the employee and 6.05 percent by the employer. Contributions increased to 4.1% for employees and 6.35% for employers effective July 1, 2008. Additional combined increases of .50% per year will occur through July 1, 2010 when the required contribution rates will be 4.5% for employees and 6.95% for employers.

Historical trend information showing IPERS' progress in accumulating sufficient assets to pay benefits when due is presented in its annual report. This report is available from IPERS, P. O.

Box 9117, Des Moines, Iowa 50306. IPERS does not invest in obligations of the State of Iowa or its political subdivisions.

Schedule of Employer Contributions

Year Ended June 30	Amount Required	Percentage Contributed
2006	$3,445,078	100%
2007	3,680,401	100%
2008	4,137,527	100%

Municipal Fire and Police Retirement System of Iowa

Plan Description and Provisions – The Municipal Fire and Police Retirement System of Iowa (MFPRSI) was created under Chapter 411.35 of the Code of Iowa to replace the separate fire and police retirement systems of 49 cities in Iowa, including the City's separate fire and police retirement systems. MFPRSI is the administrator of a multiple-employer, cost-sharing, defined benefit pension plan for the exclusive benefit of eligible employees (all full-time firefighters and all sworn officers of the police department) of participating cities. It is governed by a nine-member board of trustees, eight of whom are appointed by member associations and the Iowa League of Cities. These members in turn appoint a citizen member. There are also four members of the Iowa Legislature who serve in an ex-officio capacity. The City's responsibility is limited to payments of contributions.

Funding Information – Member contribution rates are established by State statute. For the fiscal year ended June 30, 2008, members contributed 9.35 percent of earnable compensation. The employer's contribution rate is based upon an actuarially determined normal contribution rate. The normal contribution rate is provided by State statute to be the actuarial liabilities of the plan less current plan assets, the total then being divided by one percent of the actuarially determined present value of the prospective future compensation of all members, further reduced by member contributions. Legislatively appropriated contributions from the State may further reduce the employer's contribution rate. However, the employer's contribution rate cannot be less than 17 percent of earnable compensation. Benefits include disability and death benefits. Effective July 1, 2007 the City mandated minimum contribution decreased to 25.48%. A scheduled decrease will occur on July 1, 2008 to 18.75%.

For the year ended June 30, 2008, the City's contribution was 25.48 percent of the earnable compensation of each member.

Schedule of Employer Contributions

Year Ended June 30	Amount Required	Percentage Contributed
2006	$1,452,990	100%
2007	1,467,354	100%
2008	1,412,973	100%

Historical trend information showing MFPRSI progress in accumulating sufficient assets to pay benefits when due is presented in its annual report. This report is available from Municipal Fire and Police Retirement System of Iowa, 2836 104th Street, Des Moines, Iowa 50322. MFPRSI does not invest in obligations of the State of Iowa or its political subdivisions.

City of Ames Municipal Utility Retirement Plan

The City of Ames Municipal Utility Retirement Plan was adopted September 30, 1997 by resolution of the City Council. It is a sole-employer, defined contribution plan intended to qualify under Sections 401(a), 414(h), and 501(a) of the United States Internal Revenue Code of 1986, as amended. The plan is authorized by City ordinance and can be amended by the plan administrator through a resolution of the City Council.

Members of the plan are employees of the City who regularly receive, or are expected to regularly receive, more than 10% of their compensation from a utility fund of the City, except persons employed to work at the A.O. Chantland Resource Recovery Plant. There were 144 active and fully vested participants, 7 terminated participants, 6 retired participants, and 5 other participants in the plan at June 30, 2008.

The purpose of the plan is to provide retirement benefits for participants through self-directed individual accounts which are fully and immediately vested and nonforfeitable at all times.

Participants (or their beneficiaries in the event of the participant's death) are entitled to receive a benefit equal to their vested account at retirement, death or termination of employment.

Participants are required to contribute 5.4% of their compensation and the employer is required to contribute 7.93% of the employees' compensation. An eligible employee may make voluntary (unmatched) contributions under the plan for any plan year in any amount up to 10% of the employee's compensation for such year.

The plan uses the accrual basis of accounting and presents plan assets at their fair value. The fair value of the plan's assets at June 30, 2008 was $24,909,845. Employee contributions to the plan for the fiscal year ended June 30, 2008 totaled $452,546 and employer contributions were $664,571.

G. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457, as amended on August 20, 1996. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Effective July 1, 1998, the deferred compensation is held in trust for the exclusive benefit of participants (or their beneficiaries in the event of the participant's death) until termination, retirement, death, or an unforeseeable emergency. The City provides neither administrative service to the plan nor investment advice for the plan.

H. Related-Party Transactions

Effective February 12, 2003, the Medical Center entered into a joint venture with McFarland Clinic, P.C. to form a joint venture company, Health Ventures of Central Iowa, LLC (the "joint venture"). The Medical Center 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. The Medical Center owns 50% of the joint venture. Financial statements of the joint venture are available at Mary Greeley Medical Center.

Included in the MGMC fund financial statements is approximately $398,000 due to the joint venture at June 30, 2008. Included in the revenues of MGMC is approximately $4,723,000 in supplies and services sold to the joint venture and operating expenses of approximately $7,900,000 in purchased services received from the joint venture as of June 30, 2008.

I. Other Postemployment Benefits

Plan Descriptions and Funding Policy

The City and MGMC (the Medical Center) sponsor single-employer health care plans that provide self-insured medical and prescription drug coverage to all active and retired employees and their eligible dependents. The Medical Center also provides a life insurance benefit to retired employees. Employees must be a minimum of 55 years old, have been employed for the preceding four years, and currently be enrolled in a sponsored health insurance plan at the time of retirement. Benefits terminate upon attaining Medicare eligibility.

Eligible retirees receive health care coverage through the same plans that are available for active employees. The Medical Center also provides a flat $2,500 life insurance benefit to eligible retired employees.

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

Funding Policy

The City and MGMC, with assistance from their third-party administrators, establish and amend contribution requirements for both active and retiree members on an annual basis. The current funding policy is to pay health claims as they occur. This arrangement does not quality as OPEB plan assets under GASB for current GASB reporting.

The required contribution is based on pay-as-you-go financing. For fiscal year 2008 the City contributed $130,975 and retirees receiving benefits contributed $257,994 through their required contributions. The Medical Center contributed approximately $157,000 and their retirees receiving benefits contributed approximately $98,000 through required contributions.

Annual OPEB Cost and Net OPEB Obligation

The City's and MGMC's annual other postemployment benefit (OPEB) cost (expense) is based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. Fiscal year 2008 is the year of implementation for GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The

following schedule shows the components of the annual OPEB cost for the year, the amount actually contributed to the plans, and changes in the net OPEB obligation.

	City of Ames	MGMC	Total
Annual required contribution	$ 134,185	$ 916,000	$ 1,050,185
Interest on net OPEB obligation			
Adjustment to annual required contribution			
Annual OPEB cost/expense	134,185	916,000	1,050,185
Contributions and payments made	130,975	157,000	287,975
Increase in net OPEB obligation	3,210	759,000	762,210
Net OPEB obligation, July 1, 2007			
Net OPEB obligation, June 30, 2008	$ 3,210	$ 759,000	$ 762,210

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2008:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2008	1,050,185	27.4%	762,210

Funded Status and Funding Progress

As of July 1, 2006 and July 1, 2007, the most recent actuarial valuation dates, the actuarial accrued liability (AAL) and unfunded actuarial accrued liability (UAAL) for benefits was $7,995,306. The City's and MGMC's plans are considered to be unfunded since there are no assets and retiree benefits are paid annually on a cash basis. Because the plans are unfunded, the AAL and UAAL are equal. The covered payrolls (fiscal year payroll of active employees covered by the plans) were $80,041,111, and the ratio of the UAAL to the covered payrolls was 9.99%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. A schedule of funding progress, which is required to be presented as supplementary information following the notes to the financial statements, will be included in future financial statements when multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits is available.

Actuarial methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2006 actuarial valuation, entry age normal actuarial cost method was used. The actuarial assumptions included a 4.5% discount rate assuming funding on a pay as you go basis and an annual healthcare cost trend rate of 9% initially, decreasing 1.0 percent per year until reaching an ultimate rate of 4 percent.

In the July 1, 2007 actuarial valuation for MGMC, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 5% of investment rate of return and an annual healthcare cost trend rate of 11% initially, decreasing .5 percent per year until reaching an ultimate rate of 6 percent.

The amortization of the UAAL is being amortized as a level percentage of projected payrolls over a thirty year time period.

J. Restatement of Fund Balances

The beginning fund balances of the Local Option Tax, Housing Assistance, CDBG, and Economic Development & Loans special revenue funds were restated to reflect corrections of loans receivable which were inadvertently recorded as expenditures and revenues in prior years.

	Local Option Tax	Housing Assistance	CDBG	Economic Development & Loans	Total
Fund balances as of June 30, 2007	$ 3,502,625	$ 798,858	$ 340,786	$ 707,614	$ 5,349,883
Restatement for loans receivable	13,153	169,743	37,390	118,723	339,009
Fund balances as restated at June 30, 2007	$ 3,515,778	$ 968,601	$ 378,176	$ 826,337	$ 5,688,892

K. New Accounting Pronouncements

The City implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions and GASB Statement No. 50, Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27 during the current fiscal year ended June 30, 2008.

In November of 2007, GASB issued Statement No. 52 Land and Other Real Estate Held as Investments by Endowments to establish consistent standards for the reporting of land and other real estate held as investments. The City will implement this statement in their fiscal year ending June 30, 2009. GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, issued June, 2008, will be effective for the City beginning with its year ending June 30, 2010. This statement will improve how state and local governments report information about derivative instruments in their financial statements. The City has not yet determined the effect these Statements will have on the financial statements.

REQUIRED

SUPPLEMENTARY

INFORMATION

smart TRASH

RECYCLING GARBAGE, PRODUCING ENERGY

Ames Residents <u>DO</u> Have Recycling

Not a Traditional Curbside Program

Glass Recycling At Area Grocery Stores

Since 1975, Ames has been converting garbage into energy. That is Smart Trash! The Arnold O. Chantland Resource Recovery Plant (RRP) was the first municipally operated waste-to-energy facility in the nation. The plant receives garbage, recovers reusable metals, and creates refuse-derived fuel to burn in the Power Plant. Since glass doesn't burn, Ames residents are encouraged to drop glass at yellow recycling bins located in the parking lots of area grocery stores.

CITY OF AMES, IOWA

BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN BALANCES
BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS)
GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Original Budget	Final Budget	Final to Actual Variance
Revenues & other financing sources:						
Taxes levied on property	$ 20,044,970		$ 20,044,970	$ 20,115,841	$ 20,115,841	$ (70,871)
Other City taxes	7,100,254		7,100,254	7,200,203	7,126,343	(26,089)
Licenses & permits	1,083,017	$ 17,983	1,101,000	1,177,297	1,100,970	30
Use of money and property	1,959,173	312,072	2,271,245	8,581,576	9,741,246	(7,470,001)
Intergovernmental	8,271,706	7,537,645	15,809,351	17,655,899	20,242,204	(4,432,853)
Charges for services	3,102,152	217,071,656	220,173,808	220,909,287	216,974,766	3,199,042
Special assessments	130,343		130,343	140,000	140,000	(9,657)
Miscellaneous	2,803,714	1,475,030	4,278,744	1,712,818	4,907,010	(628,266)
Other financing sources	19,327,381	2,496,452	21,823,833	16,785,098	21,953,390	(129,557)
Total revenues and other sources.	63,822,710	228,910,838	292,733,548	294,278,019	302,301,770	(9,568,222)
Expenditures & other financing uses:						
Public safety	12,955,867		12,955,867	12,755,884	13,170,673	214,806
Public works	4,775,317		4,775,317	4,646,270	4,723,883	(51,434)
Health and social services	1,033,783		1,033,783	1,052,538	1,090,753	56,970
Culture and recreation	6,342,039		6,342,039	6,100,286	6,387,997	45,958
Community and economic development	3,091,610		3,091,610	4,329,120	4,812,407	1,720,797
General government	2,239,418		2,239,418	2,306,316	2,586,919	347,501
Debt service	7,776,642		7,776,642	8,022,578	7,776,642	-
Capital projects	11,429,517		11,429,517	16,350,793	24,742,118	13,312,601
Total government activities expenditures	49,644,193		49,644,193	55,563,785	65,291,392	15,647,199
Business type/enterprises		202,302,547	202,302,547	220,046,447	222,491,011	20,188,464
Total government activities & business expenditures	49,644,193	202,302,547	251,946,740	275,610,232	287,782,403	35,835,663
Transfers out	9,274,410	2,835,113	12,109,523	10,105,898	12,081,922	(27,601)
Total expenditures/transfers out	58,918,603	205,137,660	264,056,263	285,716,130	299,864,325	35,808,062
Excess revenues & other sources over (under) expenditures/transfers out	4,904,107	23,773,178	28,677,285	8,561,889	2,437,445	26,239,840
Beginning fund balance July 1	32,505,240	297,918,959	330,424,199	330,424,199	330,424,199	
Ending fund balance June 30	$ 37,409,347	$ 321,692,137	$ 359,101,484	$ 338,986,088	$ 332,861,644	$ 26,239,840

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

CITY OF AMES, IOWA

BUDGET TO GAAP RECONCILIATION
FOR THE YEAR ENDED JUNE 30, 2008

	Governmental Funds			Proprietary Funds		
	Budget Basis	Adjustments	Modified Accrual Basis	Budget Basis	Adjustments	Accrual Basis
Revenues & other financing sources	$ 63,822,710	$ (930,303)	$ 62,892,407	$ 228,910,838	$ (311,441)	$ 228,599,397
Expenditures & other financing uses	58,918,603	(1,437,996)	57,480,607	205,137,660	10,686,326	215,823,986
Excess revenues & other sources over (under) expenditures & other uses	4,904,107	507,693	5,411,800	23,773,178	(10,997,767)	12,775,411
Beginning fund balances	32,505,240	(4,699,979)	27,805,261	297,918,959	59,248,817	357,167,776
Restatement of fund balances		339,009	339,009			
Beginning fund balances as restated	32,505,240	(4,360,970)	28,144,270	297,918,959	59,248,817	357,167,776
Ending fund balances	$ 37,409,347	$ (3,853,277)	$ 33,556,070	$ 321,692,137	$ 48,251,050	$ 369,943,187

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

CITY OF AMES, IOWA

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2008

1. Budgetary Reporting

The budgetary comparison is presented as Required Supplementary Information in accordance with Government Accounting Standards Board Statement No. 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 following required public notice and hearing for all funds. 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 year end.

Formal and legal budgetary control is based upon 9 major classes of expenditures known as functions, not by fund or fund type. These 9 functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function expenditures required to be budgeted include expenditures for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, and 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.

The City's expenditures in the public works function exceeded the final budgeted amount by $51,434. These expenditures were for unanticipated repairs due to flooding that occurred late in May after the final budget amendment was submitted to the State.

During the year, two budget amendments increased budgeted expenditures by $12,172,171. These budget amendments are reflected in the final budgeted amounts.

SUPPLEMENTARY

INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that have various purpose restrictions or designations or are segregated for particular expenditure reasons.

Local Option Tax Fund - This fund is used to account for the funds generated by the voter approved 1% local option sales tax; 60% is used for propterty tax relief and 40% for community betterment.

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

Leased Housing Fund and Housing Assistance Fund - These funds are used to account for the operations of a federal low-income housing project and other grant funded housing assistance programs.

Road Use Tax Fund - This fund is used to account for the City's share of state gasoline taxes received on a per capita basis. State law requires use for any purpose relating to the construction or maintenance of public streets.

Bike Licenses - This fund is used to account for funds generated by the sale of bike licenses.

Police Forfeiture & Grants - This fund is used to account for funds generated from the forfeiture of property as a result of criminal activities and government grants received for law enforcement related costs.

TIF Fund - This fund is used to account for tax increment financing revenues on abated debt.

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

Police & Fire 411 - This fund is used to account for the funds remaining from the transfer to the state-wide MFPRSI. They can only be used to offset future City contributions to the retirement system.

Parks & Recreation Programs - This fund is used to account for revenues used for specific park and recreation programs and improvements.

CDBG - This fund is used to account for funds received from HUD to be used according to our Community Development Block Grant program.

Donation Funds - These funds are used to account for various donations received by the City to be used for specific purposes and activities including Project Share.

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

Economic Development & Loans - This fund is used to account for funds from block grants and funds to be loaned to businesses to increase development in the City.

Permanent Funds

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

Perpetual Care Fund - This fund is used to account for principal amounts received for perpetual care. The interest on these funds is recorded in the general fund for use to maintain the cemeteries.

Furman Aquatic Center Endowment – This fund is used for a $1,000,000 donation to cover future operating expenses of the aquatic center.

CITY OF AMES, IOWA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

		Permanent Funds		
ASSETS	**Special Revenue Funds**	**Perpetual Care**	**Furman Aquatic Center Endowment**	**Total Nonmajor Governmental Funds**
Cash and pooled cash investments	$ 16,288,596	$ 840,553	$ 1,015,493	$ 18,144,642
Taxes receivable	17,431			17,431
Accounts receivable	130,507	114		130,621
Accrued interest receivable	54,482		7,609	62,091
Intergovernmental receivables	1,790,794			1,790,794
Loans receivable	68,279			68,279
Due from other funds	75,191	5,239		80,430
Inventories	124,267			124,267
Houses held for resale	236,944			236,944
Prepaid items	3,324			3,324
Succeeding year taxes receivable	956,491			956,491
Long-term loans receivable	224,502			224,502
Total assets	$ 19,970,808	$ 845,906	$ 1,023,102	$ 21,839,816
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 644,457			$ 644,457
Retainage payable	60,715			60,715
Interest payable	22			22
Due to other governments	16,597			16,597
Compensation and payroll taxes	52,785			52,785
Due to other funds	932,766			932,766
Deferred revenue	285,113			285,113
Succeeding year unearned revenue	956,491			956,491
Customer deposits	91,857			91,857
Total liabilities	3,040,803			3,040,803
Fund balances:				
Reserved for:				
Encumbrances	834,211			834,211
Perpetual care		$ 845,906		845,906
Furman Aquatic Center endowment			$ 1,000,000	1,000,000
Inventories	124,267			124,267
Houses held for resale	236,944			236,944
Long-term loans receivable	224,502			224,502
Prepaid items	3,324			3,324
State and grant restricted purpose	2,267,508			2,267,508
Donor restricted purposes	1,000,000		23,102	1,023,102
Unreserved:				
Unreserved, designated for subsequent year's expenditures	2,415,492			2,415,492
Unreserved, reported in nonmajor special revenue funds	9,823,757			9,823,757
Total fund balances	16,930,005	845,906	1,023,102	18,799,013
Total liabilities and fund balances	$ 19,970,808	$ 845,906	$ 1,023,102	$ 21,839,816

CITY OF AMES, IOWA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Special Revenue Funds	Permanent Funds: Perpetual Care	Permanent Funds: Furman Aquatic Center Endowment	Total Nonmajor Governmental Funds
Revenues:				
Taxes	$ 1,293,042			$ 1,293,042
Intergovernmental	13,149,846			13,149,846
Charges for services	199,330	$ 17,568		216,898
Donations	2,176,317		$ 1,000,000	3,176,317
Investment earnings	339,859		23,102	362,961
Miscellaneous	14,440	12,372		26,812
Total revenues	17,172,834	29,940	1,023,102	18,225,876
Expenditures:				
Current:				
Public safety	155,626			155,626
Public works	3,542,649			3,542,649
Health and social services	893,695			893,695
Culture and recreation	421,589			421,589
Community and economic development	2,602,521			2,602,521
General government	112,743			112,743
Capital projects	2,063,799			2,063,799
Total expenditures	9,792,622			9,792,622
Excess (deficiency) of revenues over (under) expenditures	7,380,212	29,940	1,023,102	8,433,254
Other financing sources (uses):				
Transfers in	163,309			163,309
Transfers out	(5,177,964)			(5,177,964)
Total other financing sources (uses)	(5,014,655)			(5,014,655)
Net change in fund balance	2,365,557	29,940	1,023,102	3,418,599
Fund balances at beginning of year	14,225,439	815,966		15,041,405
Restatement of fund balances	339,009			339,009
Beginning fund balances as restated	14,564,448	815,966		15,380,414
Fund balances at end of year	$ 16,930,005	$ 845,906	$ 1,023,102	$ 18,799,013

CITY OF AMES, IOWA

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2008

ASSETS	Local Option Tax	Hotel/ Motel Tax	Leased Housing	Road Use Tax	Bike Licenses
Cash and pooled cash investments	$ 3,624,693	$ 478,027	$ 412,086	$ 3,177,292	$ 18,305
Taxes receivable					
Accounts receivable			4,345		
Accrued interest receivable					
Intergovernmental receivables	994,017	283,023		348,399	
Loans receivable	3,003				
Due from other funds			397	58,233	
Inventories				124,267	
Houses held for resale					
Prepaid items			2,329		
Succeeding year taxes receivable					
Long-term loans receivable					
Total assets	$ 4,621,713	$ 761,050	$ 419,157	$ 3,708,191	$ 18,305
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 102,906	$ 54,564	$ 151	$ 445,692	
Retainage payable	4,344			52,921	
Interest payable			22		
Due to other governments	15,108			166	
Compensation and payroll taxes	2,711	11	322	45,370	
Due to other funds	597,401	495	1,213	149,393	
Deferred revenue		283,023			
Succeeding year unearned revenue					
Customer deposits					
Total liabilities	722,470	338,093	1,708	693,542	
Fund balances:					
Reserved for:					
Encumbrances	92,213	9,520		520,787	
Inventories				124,267	
Houses held for resale					
Long-term loans receivable					
Prepaid items			2,329		
State and grant restricted purposes			415,120		
Donor restricted purposes					
Unreserved, designated for subsequent year's expenditures	460,442	25,236		915,224	
Unreserved, reported in nonmajor special revenue funds	3,346,588	388,201		1,454,371	$ 18,305
Total fund balances	3,899,243	422,957	417,449	3,014,649	18,305
Total liabilities and fund balances	$ 4,621,713	$ 761,050	$ 419,157	$ 3,708,191	$ 18,305

Police Forfeiture & Grants	Housing Assistance	TIF	Employee Benefit Property Tax	Police & Fire 411	Parks & Recreation Programs
$ 46,363	$ 820,116	$ 159,688		$ 1,672,753	$ 3,117,938
			$ 17,431		
	6,677				1
	4,304	1,196		12,527	23,481
13,824					
	24,106				
61	409				100
			956,491		
	122,718				
$ 60,248	$ 978,330	$ 160,884	$ 973,922	$ 1,685,280	$ 3,141,520
	$ 3				$ 36,912
					3,450
$ 1,279					
1,540	6				
	24		$ 17,431	$ 914	100
			956,491		
2,819	33		973,922	914	40,462
	880				209,931
	122,718				
		$ 160,884		1,684,366	
					1,000,000
	1,674				1,010,000
57,429	853,025				881,127
57,429	978,297	160,884		1,684,366	3,101,058
$ 60,248	$ 978,330	$ 160,884	$ 973,922	$ 1,685,280	$ 3,141,520

(continued)

CITY OF AMES, IOWA

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2008

ASSETS	Library Donations	Project Share	Police & Fire Donations	CDBG	Animal Shelter Donations
Cash and pooled cash investments	$ 1,492,213	$ 6,539	$ 3,051	$ 11,944	$ 113,585
Taxes receivable					
Accounts receivable	3,459	805		104,258	2,740
Accrued interest receivable	11,281				848
Intergovernmental receivables	2,230				
Loans receivable				3,158	
Due from other funds	15,991				
Inventories					
Houses held for resale				236,944	
Prepaid items	600				395
Succeeding year taxes receivable					
Long-term loans receivable				31,200	
Total assets	$ 1,525,774	$ 7,344	$ 3,051	$ 387,504	$ 117,568
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 1,012		$	1,859	$ 65
Retainage payable					
Interest payable					
Due to other governments				44	
Compensation and payroll taxes	1,847			978	
Due to other funds	15,972	$ 206		592	
Deferred revenue					
Succeeding year unearned revenue					
Customer deposits				12,420	
Total liabilities	18,831	206		15,893	65
Fund balances:					
Reserved for:					
Encumbrances				880	
Inventories					
Houses held for resale				236,944	
Long-term loans receivable				31,200	
Prepaid items	600				395
State statute restricted purposes		7,138			
Donor restricted purposes					
Unreserved, designated for subsequent year's expenditures				2,916	
Unreserved, reported in nonmajor special revenue funds	1,506,343		$ 3,051	99,671	117,108
Total fund balances	1,506,943	7,138	3,051	371,611	117,503
Total liabilities and fund balances	$ 1,525,774	$ 7,344	$ 3,051	$ 387,504	$ 117,568

Public Art Donations	Developers' Projects	Economic Development & Loans	FEMA	Total Nonmajor Special Revenue Funds
5,216	$ 400,002	$ 728,785		$ 16,288,596
				17,431
		8,222		130,507
39	806			54,482
			$ 149,301	1,790,794
		38,012		68,279
				75,191
				124,267
				236,944
				3,324
				956,491
		70,584		224,502
5,255	$ 400,808	$ 845,603	$ 149,301	$ 19,970,808
		$ 1,293		$ 644,457
				60,715
				22
				16,597
				52,785
			$ 149,025	932,766
		2,090		285,113
				956,491
	$ 79,437			91,857
	79,437	3,383	149,025	3,040,803
				834,211
				124,267
				236,944
		70,584		224,502
				3,324
				2,267,508
				1,000,000
				2,415,492
5,255	321,371	771,636	276	9,823,757
5,255	321,371	842,220	276	16,930,005
5,255	$ 400,808	$ 845,603	$ 149,301	$ 19,970,808

(concluded)

CITY OF AMES, IOWA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Local Option Tax	Hotel/ Motel Tax	Leased Housing	Road Use Tax	Bike Licenses
Revenues:					
Taxes					
Intergovernmental	$ 5,916,418	$ 1,106,797	$ 1,137,203	$ 4,346,879	
Charges for services			4,544		
Donations					
Investment earnings	250		9,477		
Miscellaneous					
Total revenues	5,916,668	1,106,797	1,151,224	4,346,879	
Expenditures:					
Current:					
Public safety					
Public works	27,328			3,331,476	
Health and social services	893,695				
Culture and recreation	294,393	4,086			
Community and economic development		978,923	988,096		
General government	25,724	657		75,061	
Capital projects	700,909	4,840		1,128,513	
Total expenditures	1,942,049	988,506	988,096	4,535,050	
Excess (deficiency) of revenues over (under) expenditures	3,974,619	118,291	163,128	(188,171)	
Other financing sources (uses):					
Transfers in	63,309				
Transfers out	(3,654,463)	(158,272)		(3,215)	
Total other financing sources (uses)	(3,591,154)	(158,272)		(3,215)	
Net change in fund balance	383,465	(39,981)	163,128	(191,386)	
Fund balances at beginning of year	3,502,625	462,938	254,321	3,206,035	$ 18,305
Restatement of fund balances	13,153				
Beginning fund balances as restated	3,515,778	462,938	254,321	3,206,035	18,305
Fund balances at end of year	$ 3,899,243	$ 422,957	$ 417,449	$ 3,014,649	$ 18,305

Police Forfeiture & Grants	Housing Assistance	TIF	Employee Benefit Property Tax	Police & Fire 411	Parks & Recreation Programs
			$ 1,293,042		
$ 62,299					
					$ 3,051
					2,011,586
	$ 33,282	$ 8,009		$ 74,313	116,787
5,326	232				
67,625	33,514	8,009	1,293,042	74,313	2,131,424
145,228					
	23,818				
				11,301	
					146,711
145,228	23,818			11,301	146,711
(77,603)	9,696	8,009	1,293,042	63,012	1,984,713
					100,000
		(68,972)	(1,293,042)		
		(68,972)	(1,293,042)		100,000
(77,603)	9,696	(60,963)		63,012	2,084,713
135,032	798,858	221,847		1,621,354	1,016,345
	169,743				
135,032	968,601	221,847		1,621,354	1,016,345
$ 57,429	$ 978,297	$ 160,884	$	$ 1,684,366	$ 3,101,058

(continued)

CITY OF AMES, IOWA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Library Donations	Project Share	Police & Fire Donations	CDBG
Revenues:				
Taxes				
Intergovernmental	$ 14,204			$ 409,896
Charges for services				191,735
Donations	125,407	$ 20,180	$ 2,225	
Investment earnings	68,388			3,488
Miscellaneous	720			
Total revenues	208,719	20,180	2,225	605,119
Expenditures:				
Current:				
Public safety			4,905	
Public works		19,209		
Health and social services				
Culture and recreation	123,110			
Community and economic development				611,684
General government				
Capital projects	82,826			
Total expenditures	205,936	19,209	4,905	611,684
Excess (deficiency) of revenues over (under) expenditures	2,783	971	(2,680)	(6,565)
Other financing sources (uses):				
Transfers in				
Transfers out				
Total other financing sources (uses)				
Net change in fund balances	2,783	971	(2,680)	(6,565)
Fund balances at beginning of year	1,504,160	6167	5,731	340,786
Restatement of fund balances				37,390
Beginning fund balances as restated	1,504,160	6,167	5,731	378,176
Fund balances at end of year	$ 1,506,943	$ 7,138	$ 3,051	$ 371,611

Animal Shelter Donations	Public Art Donations	Developers' Projects	Economic Development & Loans	FEMA	Total Nonmajor Special Revenue Funds
					$ 1,293,042
				$ 156,150	13,149,846
					199,330
$ 16,919					2,176,317
4,921	$ 233	$ 4,828	$ 15,883		339,859
		8,162			14,440
21,840	233	12,990	15,883	156,150	17,172,834
5,493					155,626
				164,636	3,542,649
					893,695
					421,589
					2,602,521
					112,743
					2,063,799
5,493			-	164,636	9,792,622
16,347	233	12,990	15,883	(8,486)	7,380,212
					163,309
					(5,177,964)
					(5,014,655)
16,347	233	12,990	15,883	(8,486)	2,365,557
101,156	5,022	308,381	707,614	8,762	14,225,439
			118,723		339,009
101,156	5,022	308,381	826,337	8,762	14,564,448
$ 117,503	$ 5,255	$ 321,371	$ 842,220	$ 276	$ 16,930,005

(concluded)

smart WATER

A COMMITMENT TO CONSERVATION

Educational Campaign

Water As A Limited Resource

Voluntary Reduction of Water Usage

Delaying Costly Expansion of Water Treatment Facilities

NONMAJOR ENTERPRISE FUNDS

Enterprise funds are used to finance and account for the acquisition, operation, and maintenance of governmental facilities and services that are supported primarily by user charges. They are also known as business-type activities.

Storm Sewer Utility Fund - This fund is used to account for the monthly fees paid by the customers of the Electric Utility for the maintenance of the City's storm sewer system.

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

Resource Recovery Fund - This fund is used to account for the operation of the City owned resource recovery plant. Services are also provided to 13 communities and several governmental organizations on a contractual basis.

Transit Fund - This fund is used to account for the operations of all City transit services.

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

Homewood Golf Course Fund - This fund is used to account for the operations of a 9-hole golf course.

CITY OF AMES, IOWA

COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2008

ASSETS	Storm Sewer Utility	Parking Lot	Resource Recovery
Current assets:			
Cash and pooled cash investments	$ 1,001,552	$ 260,924	$ 1,660,922
Accounts receivable, net	89,048	27,967	257,806
Accrued interest receivable	7,748	2,066	12,076
Intergovernmental receivables		768	451,036
Due from other funds	23,014	1,212	57,281
Inventories		10,646	
Prepaid items		1,208	60
Total current assets	1,121,362	304,791	2,439,181
Noncurrent assets:			
Deferred debt issuance costs, net			6,187
Capital assets:			
Land		910,547	274,903
Land improvements	526,378	647,228	58,492
Buildings			11,219,650
Equipment		56,130	5,025,221
Less accumulated depreciation	(124,922)	(520,648)	(9,348,975)
Capital assets, net	401,456	1,093,257	7,229,291
Total noncurrent assets	401,456	1,093,257	7,235,478
Total assets	1,522,818	1,398,048	9,674,659

Transit	Ames/ISU Ice Arena	Homewood Golf Course	Total Nonmajor Enterprise Funds
$ 1,706,337	$ 520,254	$ 38,947	$ 5,188,936
47,850	15,876	1,234	439,781
13,272	4,102	268	39,532
418,148	1,852		871,804
102,846			184,353
174,844	5,711	2,448	193,649
			1,268
2,463,297	547,795	42,897	6,919,323
			6,187
41,500		193,250	1,420,200
149,806	63,578	127,581	1,573,063
10,706,151	1,688,110	87,003	23,700,914
9,769,607	37,114		14,888,072
(8,752,013)	(483,046)	(92,398)	(19,322,002)
11,915,051	1,305,756	315,436	22,260,247
11,915,051	1,305,756	315,436	22,266,434
14,378,348	1,853,551	358,333	29,185,757

(continued)

CITY OF AMES, IOWA

COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2008

LIABILITIES	Storm Sewer Utility	Parking Lot	Resource Recovery
Current liabilities:			
Accounts payable	7,845	6,947	103,622
Retainage payable			
Due to other governments	345		53,789
Compensation and payroll taxes	7,039	7,912	26,687
Employee benefits	577	1,215	3,079
Due to other funds	10,590	13,147	50,124
Bonds payable			435,000
Interest payable			2,508
Unearned revenue		5,725	
Landfill postclosure costs			16,141
Total current liabilities	26,396	34,946	690,950
Noncurrent liabilities:			
Employee benefits	9,810	16,450	66,877
Post-employment benefits	23	33	104
Bonds payable			425,000
Unamortized premiums on bonds issued			29,703
Deferred charges			(18,570)
Landfill postclosure costs			522,485
Total noncurrent liabilities	9,833	16,483	1,025,599
Total liabilities	36,229	51,429	1,716,549
NET ASSETS			
Invested in capital assets, net of related debt	401,456	1,093,257	6,369,291
Unrestricted	1,085,133	253,362	1,588,819
Total net assets	$ 1,486,589	$ 1,346,619	$ 7,958,110

Transit	Ames/ISU Ice Arena	Homewood Golf Course	Total Nonmajor Enterprise Funds
67,770	11,629	3,162	200,975
140,374			140,374
3,462	86	1,168	58,850
104,866	2,068	4,463	153,035
14,585	302	163	19,921
27,357	2,711	3,000	106,929
			435,000
			2,508
			5,725
			16,141
358,414	16,796	11,956	1,139,458
215,454	4,771	1,886	315,248
277	7	6	450
			425,000
			29,703
			(18,570)
			522,485
215,731	4,778	1,892	1,274,316
574,145	21,574	13,848	2,413,774
11,915,051	1,305,756	315,436	21,400,247
1,889,152	526,221	29,049	5,371,736
$ 13,804,203	$ 1,831,977	$ 344,485	$ 26,771,983

(concluded)

CITY OF AMES, IOWA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Storm Sewer Utility	Parking Lot	Resource Recovery
Operating revenues:			
Charges for goods and services	$ 828,644	$ 860,255	$ 3,813,799
Operating expenses:			
Cost of goods and services	446,140	817,706	3,042,159
Administration	2,686	28,201	166,840
Depreciation	10,528	13,989	384,621
Total operating expenses	459,354	859,896	3,593,620
Operating income (loss)	369,290	359	220,179
Nonoperating revenues (expenses):			
Investment earnings	41,009	11,210	60,375
Interest expense			(41,957)
Federal, state, and other operating grants			
Costs reimbursed by contract participants			614,954
Loss on disposal of capital assets			
Total nonoperating revenues (expenses)	41,009	11,210	633,372
Income (loss) before contributions and transfers	410,299	11,569	853,551
Capital contributions			
Transfers in			108,475
Change in net assets	410,299	11,569	962,026
Total net assets at beginning of year	1,076,290	1,335,050	6,996,084
Total net assets at end of year	$ 1,486,589	$ 1,346,619	$ 7,958,110

Transit	Ames/ISU Ice Arena	Homewood Golf Course	Total Nonmajor Enterprise Funds
$ 4,079,218	$ 417,715	$ 215,923	$ 10,215,554
5,725,565	415,435	210,880	10,657,885
854,575			1,052,302
962,324	63,150	8,062	1,442,674
7,542,464	478,585	218,942	13,152,861
(3,463,246)	(60,870)	(3,019)	(2,937,307)
117,275	22,846	1,449	254,164
			(41,957)
2,016,867			2,016,867
			614,954
(7,975)			(7,975)
2,126,167	22,846	1,449	2,836,053
(1,337,079)	(38,024)	(1,570)	(101,254)
2,084,112	20,000		2,104,112
1,150,821	20,000		1,279,296
1,897,854	1,976	(1,570)	3,282,154
11,906,349	1,830,001	346,055	23,489,829
$ 13,804,203	$ 1,831,977	$ 344,485	$ 26,771,983

CITY OF AMES, IOWA

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Storm Sewer Utility	Parking Lot	Resource Recovery
Cash flows from operating activities:			
Receipts from customers	$ 802,967	$ 908,530	$ 3,852,100
Payments to suppliers	(112,450)	(138,244)	(1,787,416)
Payments to employees	(271,031)	(493,272)	(958,013)
Payments for interfund services used	(60,944)	(195,298)	(514,040)
Net cash provided by (used in) operating activities	358,542	81,716	592,631
Cash flows from noncapital financing activities:			
Operating grants			
Costs reimbursed by contract participants			614,954
Transfers in			108,475
Net cash provided by noncapital financing activities			723,429
Cash flows from capital and related financing activities:			
Principal paid on general obligation bond maturities			(450,000)
Interest paid and other fiscal charges			(45,850)
Purchases of capital assets			
Proceeds from sale of capital assets			
Capital contributions			
Net cash provided by (used in) capital financing activities			(495,850)
Cash flows from investing activities:			
Interest on investments and pooled cash	37,743	10,893	54,387
Net cash provided by investing activities	37,743	10,893	54,387

Transit	Ames/ISU Ice Arena	Homewood Golf Course	Total Nonmajor Enterprise Funds
$ 3,802,591	$ 416,727	$ 218,916	$ 10,001,831
(1,971,014)	(205,197)	(68,041)	(4,282,362)
(4,341,036)	(165,232)	(119,197)	(6,347,781)
(307,904)	(45,159)	(28,891)	(1,152,236)
(2,817,363)	1,139	2,787	(1,780,548)
2,016,867			2,016,867
			614,954
1,150,821	20,000		1,279,296
3,167,688	20,000		3,911,117
			(450,000)
			(45,850)
(2,517,575)	(5,730)		(2,523,305)
2,025			2,025
2,084,112	20,000		2,104,112
(431,438)	14,270		(913,018)
119,147	22,595	1,406	246,171
119,147	22,595	1,406	246,171

(continued)

CITY OF AMES, IOWA

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Storm Sewer Utility	Parking Lot	Resource Recovery
Net change in cash and pooled cash investments	396,285	92,609	874,597
Cash and pooled cash investments at beginning of year	605,267	168,315	786,325
Cash and pooled cash investments at end of year	$ 1,001,552	$ 260,924	$ 1,660,922
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	$ 369,290	$ 359	$ 220,179
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	10,528	13,989	384,621
Changes in:			
Accounts receivable, net	(5,682)	44,289	61,722
Intergovernmental receivables	31	4,518	(9,233)
Due from other funds	(20,026)	(1,212)	(14,188)
Inventories		10,308	
Prepaid items		(1)	(60)
Accounts payable	(6,073)	5,415	(51,558)
Due to other governments	119		7,218
Accrued expenses	4,522	994	8,440
Due to other funds	5,833	2,377	(1,251)
Unearned revenue		680	
Landfill postclosure costs			(13,259)
Net cash provided by (used in) operating activities	$ 358,542	$ 81,716	$ 592,631

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND CAPITAL FINANCING ACTIVITIES:

Unrealized increases in the fair value of investments	$ 2,959	$ 865	$ 4,192

Transit	Ames/ISU Ice Arena	Homewood Golf Course	Total Nonmajor Enterprise Funds
38,034	58,004	4,193	1,463,722
1,668,303	462,250	34,754	3,725,214
$ 1,706,337	$ 520,254	$ 38,947	$ 5,188,936
$ (3,463,246)	$ (60,870)	$ (3,019)	$ (2,937,307)
962,324	63,150	8,062	1,442,674
(18,642)	(7,008)	2,933	77,612
(164,736)	6,020		(163,400)
(93,249)		60	(128,615)
(645)	(1,246)	(545)	7,872
		30	(31)
(60,167)	(547)	(961)	(113,891)
(47,157)	16	299	(39,505)
60,813	148	(4,839)	70,078
7,342	1,476	767	16,544
			680
			(13,259)
$ (2,817,363)	$ 1,139	$ 2,787	$ (1,780,548)
$ 9,836	$ 1,786	$ 101	$ 19,739

(concluded)

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods and services provided by one department to other departments of the City and to other governmental units on a cost reimbursement basis.

Fleet Services Fund - This fund is used to account for capital equipment other than that included in the enterprise funds and governmental funds. A central garage is operated and all equipment is maintained and purchased through this fund. Appropriate charges are made to other City departments for maintenance and equipment replacement.

Information Services Fund - This fund is used to account for all data processing, telecommunications, and other communications services provided to the City departments.

Risk Insurance Fund - This fund is used to account for all insurance premiums and claim payments other than health benefits. The City's self-insured workers' compensation insurance is accounted for in this fund.

Health Insurance Fund - This fund is used to account for all self-insured health insurance claim payments and stop-loss premiums.

CITY OF AMES, IOWA

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2008

ASSETS	Fleet Services	Information Services	Risk Insurance	Health Insurance	Total Internal Service Funds
Current assets:					
Cash and pooled cash investments	$ 6,986,843	$ 2,039,754	$ 122,404	$ 2,253,052	$ 11,402,053
Accounts receivable, net	35,052		576	26,852	62,480
Accrued interest receivable	52,476	15,410	5,555	16,317	89,758
Intergovernmental receivables	5,527	4,996			10,523
Due from other funds	301,060	202,498			503,558
Inventories	70,912				70,912
Prepaid items	5,891	61,539	830,840		898,270
Total current assets	7,457,761	2,324,197	959,375	2,296,221	13,037,554
Noncurrent assets:					
Capital assets:					
Land improvements		180,852			180,852
Buildings	551,493				551,493
Equipment	10,191,684	1,300,206	13,670		11,505,560
Less accumulated depreciation	(6,291,140)	(1,246,107)	(11,392)		(7,548,639)
Capital assets, net	4,452,037	234,951	2,278		4,689,266
Total noncurrent assets	4,452,037	234,951	2,278		4,689,266
Total assets	11,909,798	2,559,148	961,653	2,296,221	17,726,820
LIABILITIES					
Current liabilities:					
Accounts payable	56,346	2,390	112,908	433,802	605,446
Due to other governments	29,103	3,500	296	28,000	60,899
Compensation and payroll taxes	11,660	2,086	2,585	361	16,692
Employee benefits	2,940	2,172	420	547	6,079
Due to other funds	11,703	2,804	418	7,886	22,811
Claims payable			476,635	450,000	926,635
Total current liabilities	111,752	12,952	593,262	920,596	1,638,562
Noncurrent liabilities:					
Employee benefits	75,697	48,526	8,968	10,505	143,696
Post-employment benefits	78	67	3	7	155
Total noncurrent liabilities	75,775	48,593	8,971	10,512	143,851
Total liabilities	187,527	61,545	602,233	931,108	1,782,413
NET ASSETS					
Invested in capital assets, net of related debt	4,452,037	234,951	2,278		4,689,266
Unrestricted	7,270,234	2,262,652	357,142	1,365,113	11,255,141
Total net assets	$ 11,722,271	$ 2,497,603	$ 359,420	$ 1,365,113	$ 15,944,407

CITY OF AMES, IOWA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Fleet Services	Information Services	Risk Insurance	Health Insurance	Total Internal Service Funds
Operating revenues:					
Charges for goods and services	$ 3,163,316	$ 1,934,505	$ 1,404,018	$ 5,085,927	$ 11,587,766
Operating expenses:					
Cost of goods and services	2,192,148	1,687,872	1,804,168	5,256,906	10,941,094
Depreciation	825,018	103,397	4,557		932,972
Total operating expenses	3,017,166	1,791,269	1,808,725	5,256,906	11,874,066
Operating income (loss)	146,150	143,236	(404,707)	(170,979)	(286,300)
Nonoperating revenues (expenses):					
Investment earnings	304,713	90,315	25,509	100,296	520,833
Gain on disposal of capital assets	19,237				19,237
Total nonoperating revenues	323,950	90,315	25,509	100,296	540,070
Income before contributions and transfers	470,100	233,551	(379,198)	(70,683)	253,770
Transfers in	9,645				9,645
Change in net assets	479,745	233,551	(379,198)	(70,683)	263,415
Total net assets at beginning of year	11,242,526	2,264,052	738,618	1,435,796	15,680,992
Total net assets at end of year	$ 11,722,271	$ 2,497,603	$ 359,420	$ 1,365,113	$ 15,944,407

CITY OF AMES, IOWA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Fleet Services	Information Services	Risk Insurance	Health Insurance	Total Internal Service Funds
Cash flows from operating activities:					
Receipts from customers	$ 3,081,736	$ 1,822,831	$ 1,403,490	$ 5,187,429	$ 11,495,486
Payments to suppliers	(1,223,944)	(727,042)	(1,469,468)	(4,989,644)	(8,410,098)
Payments to employees	(702,687)	(723,961)	(56,084)	(132,195)	(1,614,927)
Payments for interfund services used	(250,953)	(266,936)	(3,983)	(18,142)	(540,014)
Net cash provided by (used in) operating activities	904,152	104,892	(126,045)	47,448	930,447
Cash flows from noncapital financing activities:					
Transfers in	9,645				9,645
Net cash provided by noncapital financing activities	9,645				9,645
Cash flows from capital and related financing activities:					
Purchases of capital assets	(540,601)	(52,143)			(592,744)
Proceeds from sale of capital assets	122,461				122,461
Net cash used in capital and related financing activities	(418,140)	(52,143)			(470,283)
Cash flows from investing activities:					
Interest on investments and pooled cash	300,771	90,099	25,947	100,770	517,587
Net cash provided by investing activities	300,771	90,099	25,947	100,770	517,587
Net change in cash and pooled cash investments	796,428	142,848	(100,098)	148,218	987,396
Cash and pooled cash investments at beginning of year	6,190,415	1,896,906	222,502	2,104,834	10,414,657
Cash and pooled cash investments at end of year	$ 6,986,843	$ 2,039,754	$ 122,404	$ 2,253,052	$ 11,402,053

(continued)

CITY OF AMES, IOWA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Fleet Services	Information Services	Risk Insurance	Health Insurance	Total Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	$ 146,150	$ 143,236	$ (404,707)	$ (170,979)	$ (286,300)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	825,018	103,397	4,557		932,972
Changes in:					
Accounts receivable, net	(21,377)		(576)	101,432	79,479
Intergovernmental receivables	(3,873)	1,850			(2,023)
Due from other funds	(56,330)	(113,524)	48	70	(169,736)
Inventories	(9,039)				(9,039)
Prepaid items	49	(19,486)	(17,994)	1,460	(35,971)
Accounts payable	16,542	(21,077)	34,514	83,937	113,916
Due to other governments	(1,359)	3,500	296	28,000	30,437
Accrued expenses	5,711	7,157	2,009	(713)	14,164
Due to other funds	2,660	(161)	167	4,241	6,907
Claims payable			255,641		255,641
Net cash provided by (used in) operating activities	$ 904,152	$ 104,892	$ (126,045)	$ 47,448	$ 930,447

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND CAPITAL FINANCING ACTIVITIES:

Unrealized increases in the fair value of investments	$ 23,779	$ 7,113	$ 2,070	$ 7,958	$ 40,920
Capital asset trade-ins	$ 15,500				$ 15,500

(concluded)

AGENCY FUNDS

Agency funds are used to report resources held by the City in a purely custodial capacity (assets equal liabilities).

Flex Benefits Fund - This fund is used to hold the employees' withheld contributions to a Section 125 flexible benefits plan.

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

CITY OF AMES, IOWA

COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2008

	Agency Funds		
ASSETS	**Payroll Clearing**	**Flex Benefits**	**Total**
Cash and pooled cash investments	$ 192,512	$ 29,716	$ 222,228
LIABILITIES			
Accounts payable	$ 7,912	$ 29,716	$ 37,628
Due to other governments	184,600		184,600
TOTAL LIABILITIES	$ 192,512	$ 29,716	$ 222,228

CITY OF AMES, IOWA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

PAYROLL CLEARING FUND

ASSETS	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
Cash and pooled cash investments	$ 175,996	$ 20,472,909	$ 20,456,393	$ 192,512
Accounts receivable		252	252	
TOTAL ASSETS	$ 175,996	$ 20,473,161	$ 20,456,645	$ 192,512
LIABILITIES				
Accounts payable	$ 7,117	$ 8,703,170	$ 8,702,375	7,912
Due to other governments	168,879	11,931,089	11,915,368	$ 184,600
TOTAL LIABILITIES	$ 175,996	$ 20,634,259	$ 20,617,743	$ 192,512

FLEX BENEFITS FUND

ASSETS	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
Cash and pooled cash investments	$ 14,625	$ 1,701,731	$ 1,686,640	$ 29,716
LIABILITIES				
Accounts payable	$ 14,625	$ 700,878	$ 685,787	$ 29,716

(continued)

CITY OF AMES, IOWA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES-AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

TOTALS

ASSETS	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
Cash and pooled cash investments	$ 190,621	$ 22,174,640	$ 22,143,033	$ 222,228
Accounts receivable		252	252	
TOTAL ASSETS	$ 190,621	$ 22,174,892	$ 22,143,285	$ 222,228
LIABILITIES				
Accounts payable	$ 21,742	$ 9,404,048	$ 9,388,162	$ 37,628
Due to other governments	168,879	11,931,089	11,915,368	184,600
TOTAL LIABILITIES	$ 190,621	$ 21,335,137	$ 21,303,530	$ 222,228

(concluded)

STATISTICAL SECTION

This part of the City of Ames's comprehensive annual financial report presents detailed information as a context for understanding what information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

Contents **Page**

Financial Trends 125

These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.

Revenue Capacity 131

These schedules contain information to help the reader assess the city's most significant revenue source, property tax.

Debt Capacity 135

These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.

Demographic and Economic Information 140

These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.

Operating Information 142

These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented GASB Statement 34 in 2002 ; schedules presenting government-wide information include information beginning in that year.

Schedule 1
City of Ames
Net Assets by Component
Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Governmental activities							
Invested in capital assets, net of related debt	$ 59,164,746	$ 67,107,350	$ 72,431,317	$ 77,768,887	$ 87,975,194	$ 90,093,683	$ 95,550,370
Restricted	7,147,552	5,907,080	5,392,715	6,091,644	5,767,706	6,680,663	12,523,636
Unrestricted	13,844,366	14,113,598	15,729,109	15,250,250	18,116,572	22,301,202	19,525,162
Total governmental activities net assets	$ 80,156,664	$ 87,128,028	$ 93,553,141	$ 99,110,781	$ 111,859,472	$ 119,075,548	$ 127,599,168
Business-type activities							
Invested in capital assets, net of related debt	$ 162,875,819	$ 170,584,026	$ 177,602,171	$ 194,461,923	$ 209,874,031	$ 224,440,404	$ 226,464,780
Restricted	6,915,337	3,227,265	2,021,178	1,903,958	1,840,838	1,695,740	1,582,837
Unrestricted	95,915,917	103,208,153	113,464,680	114,424,423	121,916,198	136,557,327	147,185,413
Total business-type activities net assets	$ 265,707,073	$ 277,019,444	$ 293,088,029	$ 310,790,304	$ 333,631,067	$ 362,693,471	$ 375,233,030
Primary government							
Invested in capital assets, net of related debt	$ 222,040,565	$ 237,691,376	$ 250,033,488	$ 272,230,810	$ 297,849,225	$ 314,534,087	$ 322,015,150
Restricted	14,062,889	9,134,345	7,413,893	7,995,602	7,608,544	8,376,403	14,106,473
Unrestricted	109,760,283	117,321,751	129,193,789	129,674,673	140,032,770	158,858,529	166,710,575
Total primary government assets	$ 345,863,737	$ 364,147,472	$ 386,641,170	$ 409,901,085	$ 445,490,539	$ 481,769,019	$ 502,832,198

Note: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.

Schedule 2
City of Ames
Changes in Net Assets, Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Expenses							
Governmental activities:							
Public safety	$ 10,420,335	$ 10,267,584	$ 10,160,215	$ 10,857,504	$ 11,588,247	$ 11,992,224	$ 13,102,633
Public works		8,187,203	8,968,386	9,348,746	9,763,569	10,185,328	11,675,389
Health & social services		959,605	917,209	909,454	951,645	982,108	1,034,327
Culture & recreation		5,158,304	5,268,507	5,435,218	5,667,626	6,147,047	6,591,544
Community & economic development		2,989,990	2,612,198	2,447,892	2,743,874	3,404,127	3,219,621
General government	4,088,047	3,046,760	2,853,720	2,485,193	2,206,713	2,281,674	2,417,083
Capital projects		220,248	364,871	1,788,341	732,402	41,834	
Transportation	6,509,949						
Community enrichment	8,442,957						
Utilities/physical environment	787,651						
Interest on long-term debt	1,539,352	1,674,910	1,635,493	1,589,465	1,548,265	1,532,782	1,537,842
Total governmental activities expense	31,788,291	32,504,604	32,780,599	34,861,813	35,202,341	36,567,124	39,578,439
Business-type activities:							
Mary Greeley Medical Center	91,207,246	95,183,668	97,429,390	111,220,658	122,828,311	135,819,426	145,581,895
Electric Utility	27,725,323	30,586,148	32,052,383	35,167,126	38,388,459	40,398,204	43,727,636
Sewer Utility	5,042,511	4,969,771	5,103,253	5,387,364	5,326,905	6,069,860	5,979,526
Water Utility	4,588,786	4,765,393	5,097,617	5,088,878	5,468,343	5,811,849	6,054,928
Storm Sewer Utility	376,363	422,673	385,303	375,498	473,286	474,425	458,119
Parking Lot	621,816	626,843	799,523	808,289	777,261	828,138	856,518
Resource Recovery	2,877,425	3,157,863	3,215,617	3,353,518	3,424,317	3,887,199	3,636,402
Transit	4,882,522	5,400,212	5,885,535	5,983,230	6,280,501	6,911,902	7,597,860
Ames/ISU Ice Arena	482,729	482,014	471,392	460,759	469,884	432,532	480,418
Homewood Golf Course	205,312	222,710	205,478	202,407	226,069	224,749	217,964
Total business-type activities expense	138,010,033	145,817,295	150,645,491	168,047,727	183,663,336	200,858,284	214,591,266
Total primary government expenses	$ 169,798,324	$ 178,321,899	$ 183,426,090	$ 202,909,540	$ 218,865,677	$ 237,425,408	$ 254,169,705
Program Revenues							
Governmental activities:							
Charges for services:							
Public Safety	$ 1,717,128	$ 1,976,775	$ 2,149,361	$ 2,233,090	$ 2,156,638	$ 2,201,516	$ 2,356,887
Culture and recreation		1,065,611	1,122,537	1,042,181	1,027,906	1,020,870	1,066,913
Community enrichment	1,160,147						
General government	1,335,520	1,513,615	1,480,807	1,131,802	717,309	816,844	837,787
Other activities	605,165	240,330	150,663	230,627	272,205	416,660	312,553
Operating grants & contributions	1,601,742	2,277,904	2,568,666	2,150,390	2,745,231	2,595,245	3,545,354
Capital grants & contributions	6,546,355	5,125,235	3,340,218	4,672,565	4,847,202	3,231,618	6,119,361
Total governmental activities program revenues	$ 12,966,057	$ 12,199,470	$ 10,812,252	$ 11,460,655	$ 11,766,491	$ 10,282,753	$ 14,238,855

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Business-type activities:							
Charges for services							
Mary Greeley Medical Center	95,183,606	99,086,747	104,597,269	122,552,271	129,658,158	145,181,175	152,684,036
Electric Utility	31,761,537	32,506,192	34,729,308	36,677,050	42,256,054	46,307,158	47,973,171
Sewer Utility	4,229,249	4,244,668	4,276,063	4,190,238	4,607,890	4,760,282	4,811,331
Water Utility	5,936,702	6,139,049	6,123,857	5,885,844	6,260,700	6,394,051	6,474,046
Storm Sewer Utility	395,207	400,162	415,082	433,885	647,138	676,692	828,644
Parking Lot	712,771	716,025	835,781	715,634	776,341	685,500	860,255
Resource Recovery	2,736,075	3,047,135	3,124,654	3,925,447	4,191,902	4,072,777	3,813,799
Transit	2,674,966	2,988,830	3,172,940	2,745,924	3,454,757	3,793,525	4,079,218
Ames/ISU Ice Arena	380,498	454,414	398,281	379,783	373,698	389,163	417,715
Homewood Golf Course	212,069	196,159	208,336	214,051	212,116	198,124	215,923
Operating grants & contributions	1,704,841	1,763,879	1,771,872	508,639	1,252,304	1,665,682	2,721,873
Capital grants & contributions	925,080	3,297,323	2,332,603	3,040,686	4,967,908	1,724,159	3,290,701
Total business-type activities program revenues	146,852,601	154,840,583	161,986,046	181,269,452	198,658,966	215,848,288	228,170,712
Total primary government program revenues	$ 159,818,658	$ 167,040,053	$ 172,798,298	$ 192,730,107	$ 210,425,457	$ 226,131,041	$ 242,409,567
Net (Expense)/Revenue							
Governmental activities	$ (18,822,234)	$ (20,305,134)	$ (21,968,347)	$ (23,401,158)	$ (23,435,850)	$ (26,284,371)	$ (25,339,584)
Business-type activities	8,842,568	9,023,288	11,340,555	13,221,725	14,995,630	14,990,004	13,579,446
Total primary governmental net expense	$ (9,979,666)	$ (11,281,846)	$ (10,627,792)	$ (10,179,433)	$ (8,440,220)	$ (11,294,367)	$ (11,760,138)
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Taxes							
Property taxes	$ 14,247,692	$ 16,122,084	$ 17,062,313	$ 17,728,215	$ 18,475,771	$ 19,313,838	$ 20,147,655
Sales taxes	5,232,195	5,596,362	6,003,674	6,075,491	6,448,355	7,281,418	6,997,159
Road use taxes	4,105,886	4,095,978	4,255,230	4,211,923	4,243,809	4,244,752	4,346,879
Unrestricted grants & contributions	691,747	668,704	48,413	31,045	14,945	15,573	20,676
Investment earnings	963,586	747,546	489,786	828,277	1,404,140	2,074,008	2,058,452
Transfers	167,478	320,785	225,888	83,144	35,964	231,849	292,383
Other	84,738	(274,961)	308,156	703	-	-	-
Total governmental activities	25,493,322	27,276,498	28,393,460	28,958,798	30,622,984	33,161,438	33,863,204
Business-type activities:							
Investment earnings	1,833,523	2,606,764	5,200,766	4,363,765	7,881,097	14,184,748	(750,318)
Transfers	(167,478)	(320,785)	(225,888)	(83,144)	(35,964)	(231,849)	(292,383)
Other	(131,859)	3,104	(246,848)	199,929	-	119,501	2,814
Total business-type activities program	1,534,186	2,289,083	4,728,030	4,480,550	7,845,133	14,072,400	(1,039,887)
Total primary governmental	$ 27,027,508	$ 29,565,581	$ 33,121,490	$ 33,439,348	$ 38,468,117	$ 47,233,838	$ 32,823,317
Change in Net Assets							
Governmental activities	$ 6,671,088	$ 6,971,364	$ 6,425,113	$ 5,557,640	$ 7,187,134	$ 6,877,067	$ 8,523,620
Business-type activities	10,376,754	11,312,371	16,068,585	17,702,275	22,840,763	29,062,404	12,539,559
Total primary governmental	$ 17,047,842	$ 18,283,735	$ 22,493,698	$ 23,259,915	$ 30,027,897	$ 35,939,471	$ 21,063,179

Notes: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.
The State of Iowa changed reporting functions to meet the requirements of GASB 34 effective with fiscal year 2003.

Schedule 3
City of Ames
Fund Balances, Governmental Funds,
Last Seven Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
General Fund							
Reserved	$ 297,331	$ 134,833	$ 119,344	$ 189,955	$ 173,039	$ 256,946	$ 276,068
Unreserved	3,856,268	4,595,140	4,987,655	5,417,003	5,646,663	6,289,199	6,377,565
Total General Fund	$ 4,153,599	$ 4,729,973	$ 5,106,999	$ 5,606,958	$ 5,819,702	$ 6,546,145	$ 6,653,633
All Other Governmental Funds							
Reserved	$ 8,168,864	$ 6,684,379	$ 6,934,080	$ 6,758,486	$ 7,175,778	$ 7,619,673	$ 14,663,188
Unreserved, reported in:							
Other governmental funds	633,570						
Capital projects fund						2,110,682	
Nonmajor special revenue funds	5,943,244	8,083,479	8,360,430	9,139,295	9,847,667	11,867,770	12,239,249
Total all other governmental funds	$ 14,745,678	$ 14,767,858	$ 15,294,510	$ 15,897,781	$ 17,023,445	$ 21,598,125	$ 26,902,437

Schedule 4
City of Ames
Changes in Fund Balances, Governmental Funds,
Last Seven Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Revenues							
Taxes	$ 14,247,692	$ 16,122,084	$ 17,062,313	$ 17,728,215	$ 18,475,771	$ 19,313,838	$ 20,147,655
Special assessments	310,611	327,594	309,133	253,868	321,523	139,570	117,218
Licenses and permits	861,827	928,479	1,123,645	1,162,071	973,003	983,238	1,083,017
Intergovernmental	17,451,315	16,668,700	12,723,046	13,886,584	14,283,772	16,009,502	15,257,235
Charges for services	2,579,068	2,911,671	2,802,740	2,861,229	2,913,616	3,207,138	3,396,848
Fines and forfeits	169,299	147,339	149,005	165,243	180,453	191,626	186,848
Donations	190,495	313,106	868,637	613,644	240,719	218,033	3,188,519
Investment earnings	1,139,022	997,741	667,644	884,551	1,360,294	1,725,443	1,824,426
Miscellaneous	570,384	383,966	425,741	240,037	186,167	202,994	176,898
Total revenues	37,519,713	38,800,680	36,131,904	37,795,442	38,935,318	41,991,382	45,378,664
Expenditures							
Public safety	9,932,025	10,073,803	10,147,229	10,803,854	11,669,410	11,896,964	12,927,372
Public works		3,892,858	4,390,191	4,418,888	4,504,535	4,756,831	5,117,634
Health and social services		958,521	918,839	909,947	953,620	982,063	1,033,776
Culture and recreation		5,270,329	5,191,331	5,254,306	5,487,868	5,900,650	6,160,922
Community and economic development		2,961,538	2,600,483	2,437,266	2,748,939	3,404,221	3,217,968
General government	3,173,219	1,962,223	2,049,786	1,960,966	2,168,130	2,145,983	2,207,062
Capital projects	20,131,685	12,003,536	9,561,512	10,184,911	6,602,090	6,265,482	11,463,042
Transportation	2,961,999						
Community enrichment	8,155,022						
Utilities/physical environment	700,387						
Debt service							
Principal retirement	4,363,748	5,043,788	5,483,308	5,307,272	7,283,105	5,740,028	5,630,919
Interest and fiscal charges	1,518,648	1,709,232	1,632,709	1,614,899	1,581,581	1,557,501	1,620,271
Debt issuance costs	12,348	30,679					
Total expenditures	50,949,081	43,906,507	41,975,388	42,892,309	42,999,278	42,649,723	49,378,966
Excess of revenues over (under) expenditures	(13,429,368)	(5,105,827)	(5,843,484)	(5,096,867)	(4,063,960)	(658,341)	(4,000,302)

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Other Financing Sources (Uses)							
Issuance of bonds	$ 14,865,000	$ 5,885,000	$ 6,555,000	$ 6,030,000	$ 5,495,000	$ 5,285,000	$ 9,059,781
Issuance of refunding bonds	2,692,520	3,212,820					
Premiums of debt issued	24,247	117,670	42,916	60,193	33,665	73,086	69,583
Payments of refunded bonds	(2,640,000)	(3,170,822)					
Capital transfers out	(251,840)	(743,588)			(162,957)	-	
Transfers in	5,565,732	5,906,633	6,699,116	6,080,627	6,514,877	7,076,994	8,384,379
Transfers out	(5,230,254)	(5,568,666)	(6,549,870)	(5,970,723)	(6,478,217)	(6,814,625)	(8,101,641)
Total other financing sources (uses)	15,025,405	5,639,047	6,747,162	6,200,097	5,402,368	5,620,455	9,412,102
Net change in fund balances	$ 1,596,037	$ 533,220	$ 903,678	$ 1,103,230	$ 1,338,408	$ 4,962,114	$ 5,411,800
Debt service as a percentage of noncapital expenditures	19.0%	21.4%	23.4%	22.2%	26.5%	20.8%	19.8%

Note: The State of Iowa changed reporting functions to meet the requirements of GASB 34 effective with fiscal year 2003.

Schedule 5
City of Ames
Assessed Taxable Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Taxable Value Residential Property	Taxable Value Commercial Property	Taxable Value Industrial Property	Taxable Value Utilities	Taxable Value Industrial M&E/Computers	Less: Military Tax Exemption	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
1999	$ 593,517,352	$ 516,287,865	$ 32,434,540	$ 15,464,173	$ 22,726,817	$ 3,241,926	$1,177,188,821	$ 9.75731	$1,682,010,762	70.0%
2000	630,397,039	574,735,293	37,881,967	16,260,972	19,713,440	3,178,958	1,275,809,753	9.76244	1,761,576,644	72.4
2001	666,008,427	641,513,433	52,712,806	15,103,991	14,866,842	3,154,882	1,387,050,617	9.60628	1,943,321,639	71.4
2002	714,329,984	685,342,960	61,850,141	15,713,751	7,460,535	3,096,544	1,481,600,827	9.35614	2,036,850,033	72.7
2003	740,806,402	807,747,474	77,126,240	17,306,739	3,140,447	3,120,620	1,643,006,682	9.63962	2,354,597,383	69.8
2004	758,652,072	858,404,884	79,460,930	18,617,645		3,044,688	1,712,090,843	9.67627	2,429,777,471	70.5
2005	812,554,188	833,418,402	84,967,190	16,598,600		2,965,052	1,744,573,328	9.94868	2,616,823,544	66.7
2006	865,439,973	835,027,560	91,023,260	15,430,574		2,894,676	1,804,026,691	10.16610	2,746,981,177	65.7
2007	932,834,583	842,294,846	108,536,430	15,836,321		2,912,270	1,896,589,910	10.25190	3,003,950,459	63.1
2008	988,802,548	832,616,846	99,794,440	14,985,782		2,888,194	1,933,311,422	10.43585	3,120,176,952	62.0

Source: Story County Auditor

Schedule 6
City of Ames
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(tax rates per $1,000 of assessed valuation)

	City Direct Rates					Overlapping Rates (1)			
Fiscal Year	General Rate (2)	Public Transit Rate	Employee Benefits Rate	Debt Service Rate	Total Direct Tax Rate (3)	Ames School District (4)	County Consolidated (5)	Area Vocational (6)	Total Direct & Overlapping Rates
1999	5.69217	0.52362	0.23572	3.30580	9.75731	13.66582	6.11277	0.50551	30.04141
2000	5.46015	0.51213	0.26405	3.52611	9.76244	13.66879	5.87745	0.52451	29.83319
2001	5.14278	0.50638	0.28691	3.67021	9.60628	13.84006	5.51856	0.54506	29.50996
2002	5.09850	0.50962	0.30861	3.43941	9.35614	13.82670	6.50788	0.54454	30.23526
2003	5.03363	0.49403	0.31508	3.79688	9.63962	14.20390	6.47047	0.54584	30.85983
2004	5.14763	0.52435	0.35921	3.64508	9.67627	13.80200	6.08392	0.58184	30.14403
2005	5.23802	0.53054	0.53695	3.64317	9.94868	13.80403	6.25618	0.59856	30.60745
2006	5.27509	0.56436	0.65229	3.67436	10.16610	13.72848	6.32840	0.68408	30.90706
2007	5.33473	0.56956	0.68478	3.66283	10.25190	13.74398	6.46794	0.68688	31.15070
2008	5.48631	0.59171	0.67178	3.68605	10.43585	13.27297	6.42527	0.60276	30.73685

Source: Story County Auditor
Notes:

(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 owners.
(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 total direct tax rate.
(4) School district board of education sets the rate.
(5) Story county board of supervisors, county and city's assessors board, county agricultural extension board, and county hospital board set the rate.
(6) Area community college sets the rate.

Schedule 7
City of Ames
Principal Property Tax Payers by Parcel
Current Year and Nine Years Ago

	2008			1999		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**
North Grand Mall Partners LLC (1)	$ 29,000,000	1	1.50%			
Barilla America Inc. (2)	26,183,300	2	1.35			
Clinic Building Co., Inc.	15,981,000	3	0.83	$ 15,078,625	2	1.28%
Midwest Centers	12,752,000	4	0.66			
Cycloneball LLC	12,674,400	5	0.66			
Iowa State University Research Park	10,635,000	6	0.55	5,490,894	10	0.47
Campus Investors IS LLC	9,458,900	7	0.49			
SUSA Holding of Story County Inc	8,775,000	8	0.45	6,450,700	7	0.55
BRHC Ames LLC	8,739,000	9	0.45			
Minnesota Mining & Mfg. Co.	8,695,000	10	0.45			
General Growth Properties (1)				20,061,444	1	1.70
Freemon, Richard D. Rest. Rev. Trust				7,036,153	3	0.60
Minnesota Mining & Mfg. Co.				6,846,797	4	0.58
ISU Credit Union				6,767,118	5	0.57
Mortensen I-Ltd. Partnership				6,518,973	6	0.55
Gateway Center, Ltd.				5,757,516	8	0.49
Sauer-Sundstrand				5,707,919	9	0.48
Totals	$ 142,893,600		7.39%	$ 85,716,139		7.27%

Source: Story County Auditor

Notes: (1) Property changed ownership.
(2) Barilla paid property taxes for the first time FY 1999.

Schedule 8
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	Totals Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1999	$ 11,511,434	$ 11,714,240	101.76%	$ 1,045	$ 11,715,285	101.77%
2000	12,484,141	12,718,805	101.88	13,138	12,731,943	101.98
2001	13,364,547	13,716,608	102.63	1,286	13,717,894	102.64
2002	13,916,170	14,218,041	102.17	12,054	14,230,095	102.26
2003	15,870,964	15,978,134	100.68	80,213	16,058,347	101.18
2004	16,618,895	16,904,000	101.72	52,567	16,956,567	102.03
2005	17,401,486	17,672,862	101.56	10	17,672,872	101.56
2006	18,344,342	18,490,707	100.80	2,044	18,492,751	100.81
2007	19,446,934	19,327,368	99.39	2,254	19,329,622	99.40
2008	20,178,912	20,157,915	99.90		20,157,915	99.90

Sources: Story County Auditor and City of Ames Finance Department

Schedule 9
City of Ames
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities	Business-type Activities						
Fiscal Year	General Obligation Bonds	General Obligation Bonds	Revenue Bonds	Capital Leases	Notes Payable	Total Primary Government	Percentage of Personal Income	Per Capita
1999	$ 26,249,512	$ 8,230,488	$ 53,595,000			$ 88,075,000	12.01%	1,809
2000	23,105,042	7,249,958	50,310,000			80,665,000	8.42	1,590
2001	25,450,572	6,249,248	46,840,000	1,182,244		79,722,064	8.32	1,571
2002	35,920,504	5,244,496	43,695,000	2,043,135		86,903,135	9.07	1,713
2003	36,803,714	4,186,286	36,690,000		2,212,672	79,892,672	8.34	1,575
2004	37,875,405	3,069,595	33,595,000		1,575,450	76,115,450	7.95	1,500
2005	38,598,133	2,466,867	30,380,000		907,121	72,352,121	7.55	1,426
2006	36,810,028	1,879,972	27,075,000		283,825	66,048,825	6.90	1,302
2007	36,355,000	1,310,000	23,685,000		27,865	61,377,865	6.41	1,210
2008	39,854,081	1,340,919	22,555,000			63,750,000	6.66	1,257

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.
See Schedule 14 for personal income and population data.

Schedule 10
City of Ames
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita
1999	$ 26,249,512	$ 1,351,913	$ 24,897,599	1.48%	$ 511.34
2000	23,105,042	2,009,485	21,095,557	1.20	415.83
2001	25,450,572	2,845,016	22,605,556	1.16	445.60
2002	35,920,504	2,402,019	33,518,485	1.65	660.71
2003	36,803,714	2,272,537	34,531,177	1.47	680.67
2004	37,875,405	1,715,319	36,160,086	1.49	712.78
2005	38,598,133	1,439,613	37,158,520	1.42	732.46
2006	36,810,028	1,275,590	35,534,438	1.29	700.45
2007	36,355,000	1,107,194	35,247,806	1.17	694.80
2008	39,854,081	1,423,410	38,430,671	1.23	757.54

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.
(1) See Schedule 5 for property value data.
(2) Population data can be found in Schedule 14.

Schedule 11
City of Ames
Direct and Overlapping Governmental Activities Debt
As of June 30, 2008

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes			
Ames Community School District	$ 3,860,000	97.99%	$ 3,782,414
Gilbert Community School District	8,660,000	44.74	3,874,484
Des Moines Area Community College (1)	82,815,000	6.45	5,341,568
Nevada Community School District	4,100,000	0.16	6,560
United Community School District	0	0.65	0
Story County	8,130,000	63.42	5,156,046
Other debt			
Ames Community School District Revenue Bonds	15,307,422	97.99	14,999,743
Gilbert Community School District Revenue Bonds	3,030,000	44.74	1,355,622
Nevada Community School District Revenue Bonds	4,650,000	0.16	7,440
Subtotal, overlapping debt			34,523,877
City direct debt			39,854,081
Total direct and overlapping debt			$ 74,377,958

Sources: Assessed value data used to estimate applicable percentages provided by the Story County Auditor. Debt outstanding data provided by each governmental unit.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Ames. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every tax payer is a resident-and therefore responsible for repaying the debt-of each overlapping government.
(1) Includes $74,840,000 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.

Schedule 12
City of Ames
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt limit	$ 84,100,538	$ 88,078,832	$ 97,166,082	$ 101,842,502	$ 117,729,869	$ 121,488,874	$ 130,841,177	$ 137,349,059	$ 150,197,523	$ 156,008,848
Total net debt applicable to limit	34,480,000	30,355,000	31,700,000	41,165,000	40,990,000	40,945,000	41,065,000	38,690,000	37,665,000	41,195,000
Legal debt margin	49,620,538	57,723,832	65,466,082	60,677,502	76,739,869	80,543,874	89,776,177	98,659,059	112,532,523	114,813,848
Total net debt applicable to the limit as a percentage of debt limit	41.00%	34.46%	32.62%	40.42%	34.82%	33.70%	31.39%	28.17%	25.08%	26.41%

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed value	$3,120,176,952
Debt limit (5% of actual value)	156,008,848
Debt applicable to limit:	
General obligation bonds	39,854,081
Other	23,895,919
Total	63,750,000
Less revenue bonds	22,555,000
Total net debt applicable to limit	41,195,000
Legal debt margin	$ 114,813,848

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

Schedule 13
City of Ames
Pledged-Revenue Coverage
Last Ten Fiscal Years

Medical Center Revenue Bond

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
1999	$ 83,116,998	$ 68,670,230	$ 14,446,768	$ 1,390,000	$ 2,270,221	3.95
2000	85,398,067	70,193,728	15,204,339	1,460,000	2,196,551	4.16
2001	94,682,949	76,721,197	17,961,752	1,545,000	2,115,521	4.91
2002	94,436,413	81,459,920	12,976,493	1,140,000	2,027,455	4.10
2003	100,317,729	85,662,680	14,655,049	1,200,000	1,960,195	4.64
2004	109,100,843	88,031,896	21,068,947	1,355,000	1,301,741	7.93
2005	125,887,097	101,474,465	24,412,632	1,435,000	1,212,363	9.22
2006	136,084,871	112,439,877	23,644,994	1,480,000	1,169,313	8.92
2007	157,405,562	124,439,101	32,966,461	1,530,000	1,117,513	12.45
2008	150,176,042	133,102,085	17,073,957	1,030,000	1,056,313	8.18

Electric Revenue Bond

Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
$ 30,273,968	$ 19,439,120	$ 10,834,848	$ 1,215,000	$ 778,505	5.44
30,487,669	20,994,323	9,493,346	1,265,000	720,185	4.78
33,774,346	23,462,190	10,312,156	1,330,000	659,465	5.18
33,865,307	23,277,276	10,588,031	1,400,000	594,960	5.31
33,648,009	26,299,186	7,348,823	1,685,000	566,463	3.26
35,287,295	27,931,609	7,355,686	1,740,000	187,775	3.82
37,433,752	30,987,158	6,446,594	1,780,000	144,275	3.35
43,291,313	34,061,735	9,229,578	1,825,000	99,775	4.80
47,486,293	36,571,857	10,914,436	1,860,000	54,150	5.70
48,984,018	40,719,115	8,264,903	100,000	3,000	80.24

Sewer Revenue Bond

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
1999	$ 4,066,176	$ 2,664,235	$ 1,401,941	$ 520,000	$ 98,175	2.27
2000	4,215,423	2,691,273	1,524,150	560,000	75,225	2.40
2001	4,320,015	2,975,603	1,344,412	595,000	50,681	2.08
2002	4,388,706	3,196,435	1,192,271	605,000	25,181	1.89
2003	4,318,822	3,130,524	1,188,298	290,000	6,163	4.01
2004						
2005						
2006						
2007						
2008						

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest and depreciation expenses.

Schedule 14
City of Ames
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population	Per Capita Personal Income	Personal Income	School Enrollment	Unemployment Rate
1998	48,961	15,062	737,450,582	5,023	2.8%
1999	48,961	15,062	737,450,582	4,879	2.3
2000	50,731	18,881	957,852,011	4,965	2.1
2001	50,731	18,881	957,852,011	4,702	2.4
2002	50,731	18,881	957,852,011	4,674	2.8
2003	50,731	18,881	957,852,011	4,624	3.1
2004	50,731	18,881	957,852,011	4,516	3.4
2005	50,731	18,881	957,852,011	4,366	2.8
2006	50,731	18,881	957,852,011	4,320	2.4
2007	50,731	18,881	957,852,011	4,351	2.5

Sources: United States Census Bureau decennial census provided population and per capita personal income. School enrollment provided by the Ames School District. Unemployment provided by the Iowa Workforce Development.

Schedule 15
City of Ames
Principal Employers
Current Year and Nine Years Ago

	2008 (1)			1999 (2)		
Employer	**Employees (3)**	**Rank**	**Percentage of Total City Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**
Iowa State University	13,882	1	28.87%	13,267	1	28.46%
Mary Greeley Medical Center	1,365	2	2.84	1,336	2	2.87
Iowa Department of Transportation	1,200	3	2.50	1,000	3	2.15
McFarland Clinic, P.C.	825	4	1.72	750	4	1.61
City of Ames	814	5	1.69	550	7	1.18
Sauer-Danfoss Company	802	6	1.67	499	8	1.07
Ames Community School District	680	7	1.41	671	5	1.44
3M Company	400	8	0.83	400	9	0.86
Hach Company	340	9	0.71			
Ames Laboratories	309	10	0.64	613	6	1.31
Ogden Entertainment Services				400	10	0.86
Total	20,617		42.88%	19,486		41.81%

Sources: United States Department of Labor provided total labor force numbers.
(1) Ames Economic Development Commission
(2) Ames Chamber of Commerce
(3) Includes full-time, part-time and seasonal employees

Schedule 16
City of Ames
Authorized Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General government										
Management services	23.25	23.25	23.25	22.75	23.00	22.75	22.50	22.25	22.25	22.25
Finance	40.50	41.50	41.50	41.50	41.25	41.25	38.75	38.75	38.75	39.75
Planning and housing	9.00	9.00	9.00	11.00	11.00	9.75	8.75	8.75	10.50	10.50
Fleet Services	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50
Transit	65.15	65.15	66.65	68.25	73.45	74.45	74.45	73.70	73.70	73.70
Fire/Inspections	60.00	60.00	60.00	60.00	63.00	63.00	63.00	63.00	63.00	65.00
Police/Animal control/Parking	70.40	70.40	73.40	73.40	73.40	73.40	73.40	72.40	74.40	74.40
Library	29.25	29.75	29.75	30.25	30.25	30.25	30.25	30.25	30.50	31.00
Parks and recreation	21.75	21.75	22.75	22.75	22.75	22.75	22.00	22.00	22.00	20.50
Waste water treatment	21.00	21.00	22.00	22.00	22.25	22.25	22.25	22.25	22.25	22.50
Water	19.50	19.50	18.50	18.50	18.75	18.75	18.75	18.75	18.75	19.00
Electric	79.00	79.00	79.00	79.00	79.00	79.00	79.00	79.00	79.00	81.00
Public works										
Administration	4.00	4.00	4.00	4.00	4.00	3.75	3.25	3.25	3.00	3.00
Engineering	11.50	12.50	12.50	12.50	12.00	12.00	12.00	12.00	12.00	13.00
Resource recovery	16.90	16.90	16.90	16.90	16.90	15.00	15.00	15.00	15.00	15.00
Streets	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00
Utility maintenance	12.00	12.00	12.00	12.00	12.00	11.00	11.00	11.00	11.00	11.00
Other	12.75	12.75	12.75	12.75	12.75	12.75	12.75	12.75	12.75	13.00
Medical center (1)	1,001.20	956.81	958.28	979.80	946.04	930.97	960.34	987.33	1,019.33	1,055.70
Total	1,524.65	1,482.76	1,489.73	1,514.85	1,489.29	1,470.57	1,494.94	1,519.93	1,555.68	1,597.80

Sources: City Finance Department
(1) Mary Greeley Medical Center Finance Department

Note: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave) except as noted below. Full-time-equivalent employment is calculated by dividing total labor force by 2,080.
Firefighters, Fire Captains and Fire Lieutenants 2,912 hours per year.
Police Officers 2,070 hours per year.

Schedule 17
City of Ames
Operating Indicators by Function
Last Ten Fiscal Years

Function/Program	Fiscal Year 1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General government										
Number of licenses/permits processed (1)	524	903	396	874	843	1,206	1,048	1,008	877	1,013
Subdivision requests	6	36	15	25	32	33	16	16	14	14
Police										
Physical arrests	1,290	1,150	1,254	1,380	1,154	1,270	1,201	1,051	1,340	1,468
Parking violations	64,863	64,510	58,306	56,846	48,876	61,858	51,126	53,367	56,566	57,931
Traffic violations	3,888	4,454	3,739	3,985	3,351	2,438	3,000	3,809	3,820	3,012
Fire										
Number of fires	131	152	153	177	107	148	142	148	169	165
Number of ambulance assists	938	1,039	1,021	1,029	1,075	1,072	1,197	1,436	1,711	1,877
Inspections	903	721	687	811	801	818	1,016	1,007	974	1,018
Library										
Total circulation	943,500	931,695	976,074	1,090,138	1,232,476	1,222,190	1,256,993	1,311,122	1,361,888	1,346,735
Library visits (2)	390,301	418,744	412,676	427,072	451,041	457,441	471,164	450,000	459,000	462,967
Parks and recreation										
Total number of participant visits (3)	119,845	118,708	123,524	119,396	117,113	119,287	118,456	114,297	117,790	145,760
Total number of activities	142	158	162	137	135	135	135	137	136	123
Resource recovery										
Tons of refuse processed	42,725	41,353	45,559	45,684	44,798	48,272	51,840	54,497	50,792	52,482
Tipping fee/ton	42.00	45.00	45.00	45.00	52.75	53.85	52.75	52.75	52.75	52.75
Other public works										
Blocks of streets crack sealed	68	81	97	167	176	160	176	142	124	108
Blocks of streets slurry sealed	77	90	82	0	63	68	73	0	0	46
Blocks of seal coat reconstruction	8	14	14	21	6	7	8	9	0	12
Hospital										
Total admissions	9,848	9,632	9,952	10,007	9,438	9,279	10,178	9,970	10,113	10,002
Average percent of occupancy	61.6%	57.3%	57.7%	56.5%	54.0%	53.0%	55.6%	54.3%	56.9%	57.9%
Electric										
Kilowatt hours produced at plant	387,422,320	384,542,641	402,043,100	399,354,110	417,653,920	421,936,000	435,050,857	489,100,767	497,522,088	429,927,000
Meters in service	19,043	19,803	20,353	20,606	20,901	21,170	22,375	22,906	23,827	23,946
Transit										
Passengers	2,876,803	3,016,409	3,044,456	3,418,078	4,678,548	4,787,637	4,292,366	4,173,208	4,314,151	4,646,554
Total miles driven	982,557	1,022,739	1,055,613	1,115,473	1,229,503	1,245,103	1,178,475	1,189,235	1,234,775	1,287,789
Water										
Billion gallons/year pumped	2.065	2.115	2.106	2.089	2.111	2.186	2.137	2.311	2.440	2.330
Utility locates performed	5,610	6,401	4,315	5,797	5,356	5,747	6,081	5,779	5,500	5,502
Water main breaks (4)	24	20	33	25	28	68	27	21	51	44
Wastewater										
Billion gallons/year treated	2.320	1.930	1.982	1.944	1.959	2.136	1.997	1.887	2.475	2.548

Sources: Various city departments and Mary Greeley Medical Center

Notes: (1) City changes in licenses for plumbing and electrical from a two year to a three year license and the addition of mechanical licenses in 1999 caused variances from year to year.
(2) Library counter not working all year for FY 2006.
(3) Homewood Golf Course participant visits added in FY 2008.
(4) A two-pressure water system was implemented in FY 2004. Increased pressure caused additional breaks in the west zone.

Schedule 18
City of Ames
Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year									
Function	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	7	7	7	7	7	7	7	7	8	8
Fire										
Fire stations	2	2	2	2	3	3	3	3	3	3
Parks and recreation										
Total number of parks	32	32	32	33	33	33	33	33	34	34
Total number of park acres (1)	759	759	759	1,196	1,196	1,196	1,196	1,196	1,199	1,199
Total number of athletic fields	22	19	19	19	19	19	18	18	18	18
Other public works										
Miles of streets (2)	170	175	177	176	178	240	244	241	244	246
Number of traffic signals	56	56	60	60	60	60	60	59	59	59
Number of signs	8,812	8,503	8,650	8,502	8,806	8,881	9,325	9,267	9,291	9,274
Hospital										
Beds in operation	203	205	205	206	204	198	198	198	199	199
Transit										
Buses owned	50	50	54	56	67	69	69	70	67	69
New buses purchased	4	0	6	3	7	3	0	4	4	0
Water										
Miles of water mains	208.8	217.0	218.0	218.0	220.0	223.0	230.0	232.5	242.5	248.0
Fire hydrants	1,998	2,160	2,268	2,150	2,200	2,250	2,374	2,406	2,451	2,577
Wells	22	23	21	22	22	22	22	22	25	28
Wastewater										
Sanitary sewer miles (3)	176.1	184.0	188.0	186.0	187.0	189.0	192.0	196.0	194.7	201.0
Storm sewer miles (3)	104.2	106.0	190.0	190.0	192.0	201.0	220.0	240.0	230.9	249.0

Sources: Various city departments and Mary Greeley Medical Center

Notes: No capital asset indicators are available for the general government, library, resource recovery, electric functions.
(1) Ada Hayden Heritage Park was added in FY 2002. It includes a lake of 130 acres.
(2) Public works implemented a computer GIS system in FY 2004.
(3) Public works in FY 2007 continued to update the GIS system by removing private utilities.

INFORMATION PROVIDED TO COMPLY WITH OMB CIRCULAR A-133 AND *GOVERNMENT AUDITING STANDARDS*

CITY OF AMES, IOWA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Grantor/ Pass-Through Number	Expenditures Year Ended June 30, 2008
DIRECT:			
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Section 8 Housing Choice Vouchers	14.871	IA089-VO-001,002,003, 005,006	$1,137,203
Community Development Block Grants/ Entitlement Grants	14.218	B-07-MC-19-0010	511,072
DEPARTMENT OF JUSTICE			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	2007-DJ-BX-0434	13,454
Bulletproof Vest Partnership Program	16.607		2,107
DEPARTMENT OF TRANSPORTATION			
Airport Improvement Program	20.106	3-19-0004-16-2006	11,458
Federal Transit-Capital Investment Grants	20.500*	IA-03-0088-04	280,183
Federal Transit-Capital Investment Grants	20.500*	IA-03-0088-05	348,503
Federal Transit-Capital Investment Grants	20.500*	IA-04-0111-00	304,436
Federal Transit-Formula Grants	20.507*	IA-90-X323-00	196,223
Federal Transit-Formula Grants	20.507*	IA-90-X324-00	1,365,236
			2,494,581
TOTAL DIRECT			4,169,875
INDIRECT:			
DEPARTMENT OF JUSTICE			
Iowa Department of Human Services			
Enforcing Underage Drinking Laws Program	16.727	CJJP-06-A5-001	1,519
DEPARTMENT OF TRANSPORTATION			
Iowa Department of Transportation			
Highway Planning and Construction	20.205	STP-U-0155(652)--70-85	1,566
Highway Planning and Construction	20.205	STP-U-0155(655)--70-85	46,805
Highway Planning and Construction	20.205	HDP-0155(653)--71-85	1,582,303
			1,630,674
Federal Transit-Capital Investment Grants	20.500*	03-0104-015-05	8,000
Federal Transit-Capital Investment Grants	20.500*	04-0105-015-06	64,000
Federal Transit-Capital Investment Grants	20.500*	04-0113-015-07	496
Federal Transit-Capital Investment Grants	20.500*	04-0113-015-08	2,271
			74,767
Capital Assistance Program for Elderly Persons and Persons With Disabilities	20.513	16-X001-015-08	83,944
State Planning and Research	20.515	08MPO-AAMPO	29,661
Job Access-Reverse Commute	20.516	37-X012-015-07	16,070

(continued)

CITY OF AMES, IOWA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Grantor/ Pass-Through Number	Expenditures Year Ended June 30, 2008
INDIRECT: (continued)			
DEPARTMENT OF TRANSPORTATION			
Iowa Department of Transportation			
New Freedom Program	20.521	57-X001-015-06	2,852
Iowa Department of Public Safety			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	PAP 07-410, Task 01	9,988
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	PAP 08-410, Task 02	11,634
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	PAP 07-163, Task 01	6,255
			27,877
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Iowa Department of Public Health			
Public Health Emergency Preparedness	93.069	5888BT01	24,690
Childhood Lead Poisoning Prevention Projects-State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Levels in Children	93.197	5888L11	3,271
Immunization Grants	93.268	5888I471	9,380
National Bioterrorism Hospital Preparedness Program	93.889	5887BHP07	28,253
DEPARTMENT OF HOMELAND SECURITY			
Iowa Department of Public Defense			
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 1688-DR-IA	7,650
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 1763-DR-IA	134,371
			142,021
TOTAL INDIRECT			2,074,979
TOTAL EXPENDITURES OF FEDERAL AWARDS			$6,244,854

(concluded)

*Clustered programs under OMB Circular A-133
See notes to Schedule of Expenditures of Federal Awards.

CITY OF AMES, IOWA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2008

1. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting (revenues are recorded in the year earned by the City of Ames, Iowa (City) and expenditures are recorded in the year incurred).

2. GENERAL

The accompanying schedule of expenditures of federal awards presents the expenditures of all federal award programs of the City. The City's reporting entity is defined in Note 1 to the City's financial statements. All expenditures of federal awards received directly from federal agencies, as well as expenditures of federal awards passed through other government agencies, are included on the schedule.

INFORMATION PROVIDED TO COMPLY WITH
OMB CIRCULAR A-133 AND
GOVERNMENT AUDITING STANDARDS

CITY OF AMES, IOWA

EideBailly

CPAs & BUSINESS ADVISORS

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 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, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 16, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not disclose all significant deficiencies that are also considered material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2008, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. 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.

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we expressed our conclusions on the City's responses, we did not audit the City's responses, and accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of the City of Ames, Iowa, and other parties to whom the City of Ames, Iowa, may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Ames, Iowa, during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Eide Bailly LLP

Dubuque, Iowa
December 16, 2008

EideBailly

CPAs & BUSINESS ADVISORS

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the City of Ames, Iowa, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The City's major federal programs are identified in the summary of the independent auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance 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. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Ames, Iowa, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the City of Ames, Iowa, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grant agreements applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 control deficiency in the City's internal control over compliance 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 non-compliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood that non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of the City of Ames, Iowa, and other parties to whom the City of Ames, Iowa, may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Eide Bailly LLP

Dubuque, Iowa
December 16, 2008

CITY OF AMES, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

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

(a) Unqualified opinions were issued on the financial statements.

(b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements but was not considered a material weakness.

(c) The audit did not disclose any non-compliance which is material to the financial statements.

(d) No material weaknesses in internal control over the major programs were noted.

(e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.

(f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).

(g) The major programs were as follows:
- CFDA Number 14.218 – Community Development Block Grants/Entitlement Grants
- Cluster: CFDA Number 20.500 – Federal Transit – Capital Investment Grants
  CFDA Number 20.507 – Federal Transit – Formula Grants

(h) The dollar threshold used to distinguish between Type A and Type B programs was $300,000.

(i) The City of Ames, Iowa, qualified as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCY

II-A-08 Loans Receivable – Over the years the City has issued loans to individuals and businesses for various purposes. At the time the loans were issued and subsequent repayments of the loans were received, the transactions were recorded on the cash basis and treated as expenditures and revenues. For financial statement purposes, these transactions should have been recorded as loans receivable when the loan was issued, and the repayments received should have been applied against the receivable. As a result, revenues and expenditures have been overstated and receivables have been understated on previous years' financial statements.

Recommendation – We acknowledge that the City discovered this issue during the year and has made the correction to the financial statements for the year ended June 30, 2008. We recommend that the departments which issue these loans develop procedures to notify the finance department of all loan activity, and that the finance department reviews the general ledger accounts in which loan activity is recorded so that all parties are aware of any future loans issued. These steps will help insure the proper reporting of the loans in the financial statements.

Part II: Findings Related to the Financial Statements: (continued)

Response – Departments issuing loans now notify the Finance Department when loans are made. The accounting supervisor reviews the general ledger accounts for loan activity on a quarterly basis to ensure that all loans are recorded properly.

Conclusion – Response accepted.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCIES:

No material weaknesses in internal control over the major programs were noted.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-08 Certified Budget – Disbursements during the year ended June 30, 2008, exceeded the amount budgeted in the public works function. Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation."

Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The City's expenditures in the public works function exceeded the final budgeted amount by $51,434. These expenditures were for unanticipated repairs due to flooding that occurred late in May after the final budget amendment was submitted to the State. The City was unaware that these late June expenditures would overspend the budgeted function at the time they were made. When this overexpenditure was discovered, it was too late to amend the budget again.

Conclusion – Response accepted.

IV-B-08 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.

IV-C-08 Travel Expense – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

IV-D-08 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

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

Name, Title, and Business Connection	Transaction Description	Amount
Mike Wheelock, Utility Accounts Supervisor, wife is part owner of Heartland Pet Hospital	Veterinary services	$ 325
Jan Heuss, library employee, husband is owner of Heuss Printing, Inc.	Printing services	1,327
Jerry Cable, Board Member, owner of Cable Plumbing, Inc.	Plumbing and mechanical supplies	113

In accordance with Chapter 362.5(10) of the Code of Iowa, the transactions above do not appear to represent conflicts of interest since total transactions were less than $1,500 during the fiscal year.

IV-E-08 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.

IV-F-08 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not. However, we noted that when the list of claims is published it does not include the reason for each claim as required by Chapter 372.13(6) of the Code of Iowa.

Recommendation – The City should determine a procedure which would allow for the publication of claims, including the reason for each claim in accordance with Chapter 372.13(6) of the Code of Iowa.

Response – The City's accounting and information technology divisions worked together during the year to create a report in the current accounting system to provide the information required by the State. To date we have been unable to create such a report that would not require unreasonable staff time to compile and excessive cost to publish. We will continue to work on a solution that will be efficient and cost effective to meet this reporting requirement.

Conclusion – Response accepted.

IV-G-08 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.

IV-H-08 Revenue Bonds – No instances of non-compliance with the provisions of the City's revenue bond resolutions were noted.

The City of Ames purchased a ZENN (Zero Emission, No Noise) car. The electric vehicle is used by City staff for in-town trips. The electric car has reduced fuel costs by 75% when compared to a gas compact car.

The City also has purchased several fuel-efficient vehicles as well as hybrid vehicles. Most City vehicles use gasohol, a 10% ethanol blend, some an 85% ethanol blend, and some diesel-powered vehicles use a blended soy-diesel fuel when available.