

**CITY OF  
AMES, IOWA  
COMPREHENSIVE  
ANNUAL FINANCIAL  
REPORT**

**For Year Ending June 30, 2011**



## **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, 2011**

**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, 2011**

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**INTRODUCTORY  
SECTION**



November 30, 2011

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 (City) for the fiscal year ended June 30, 2011 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, 2011. 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 auditors' 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 eighth largest city in Iowa with a population of 58,965 according to the 2010 census. The City is empowered to levy a property tax on real property located within its boundaries. It also is empowered 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 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. In September 2011, the U.S. Bureau of Labor Statistics reported that the Ames metropolitan statistical area (MSA) ranked as the 8th lowest unemployment rate in the nation at 4.3%, well below the national rate of 9.0% and Iowa rate of 5.3%. The Ames MSA unemployment number reflects an improvement from the September 2010 rate of 4.7% and is a reflection of the overall strength of the local economy. The City has also experienced steady growth in population with population increasing from 50,731 in the 2000 census to 58,965 in 2010, a sixteen percent increase over the ten years.

The pace of new construction property in Ames has remained steady with a second straight small year-over-year increase in the number of residential units and an increase in the total value of new construction. Additionally, the value of the existing housing market has remained strong as the Federal Housing Finance Agency reported a 2.38% increase in the housing appreciation rate for Ames in the second quarter of 2011. The Ames market ranked 9<sup>th</sup> out of the 381 metropolitan areas covered in the report. The relative strength in the housing market, when compared to broader national trends, is likely due to a combination of locally sound lending practices, a long trend of moderately steady growth, and a stable employment base.

The City's economic development efforts have been targeted toward companies that blend with community resources and take advantage of a highly educated workforce in areas such as veterinary medicine, technology, and agricultural research. The City continues to be a desirable location for business. Ames was named one of the "Top 10 2010 MSN Real Estates Most Livable Bargain Markets." In August 2011, Forbes named Ames as one of "America's 20 Geekiest Cities In Science and Engineering Indicators 2010." The National Science Foundation ranked the top 20 cities in the United States by the percentage of workers with jobs in science, technology, engineering and mathematics.

Ames continues to see expansion of science and technology business in the local economy. HIPRA, USA, LLC, the U.S. subsidiary of a well established international veterinary pharmaceutical company based in Spain, announced plans to expand their presence in the U.S. market and will base U.S. operations in Ames. WebFilings, a company that provides a web-based software solution for processing Securities and Exchange Commission filings for publicly traded companies, is in the process of expanding the Ames operations center. Rural Soluxions, a software development and testing company, also began operations in Ames.

The retail and service sectors have also seen growth as Mary Greely Medical Center, an Ames based regional hospital, finalized plans for a \$120-\$130 million expansion at the Ames facility. The Green Hills Retirement Community began work on a \$7.8 million expansion, adding a clinic and additional living units and care facilities. The Des Moines based Dahl's grocery chain entered the Ames market with a newly renovated store in the old Cub Foods location. In the Duff Avenue Commercial District, stagnating properties are being replaced by new businesses. Iowa State University, Ames' largest employer, reported record enrollment in the fall of 2011.

## **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 adhered to all other financial policies established by the City Council.

## **MAJOR INITIATIVES**

The City expanded its partnership with the Ames Economic Development Commission by sharing the funding and administration of a new business development position to focus on new business start-ups in the retail, commercial, and industrial sector. This employee will assist in the recruitment and/or expansion of these types of businesses as well as help them to navigate the various City, State, and Federal approval processes.

As part of a continuous process to deliver services at the best price, the City recently transitioned the administration of assisted housing and food inspection programs to other agencies that specialize in these activities.

Capital projects for the downtown street improvements include streetscape amenities and work on a sanitary sewer system evaluation.

Construction is well underway on an intermodal facility to serve the Iowa State University and Campustown area, providing nearly 400 parking spaces as well as additional retail space.

## **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, 2010. This was the 32nd consecutive year that the City has received 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, 2011. 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,



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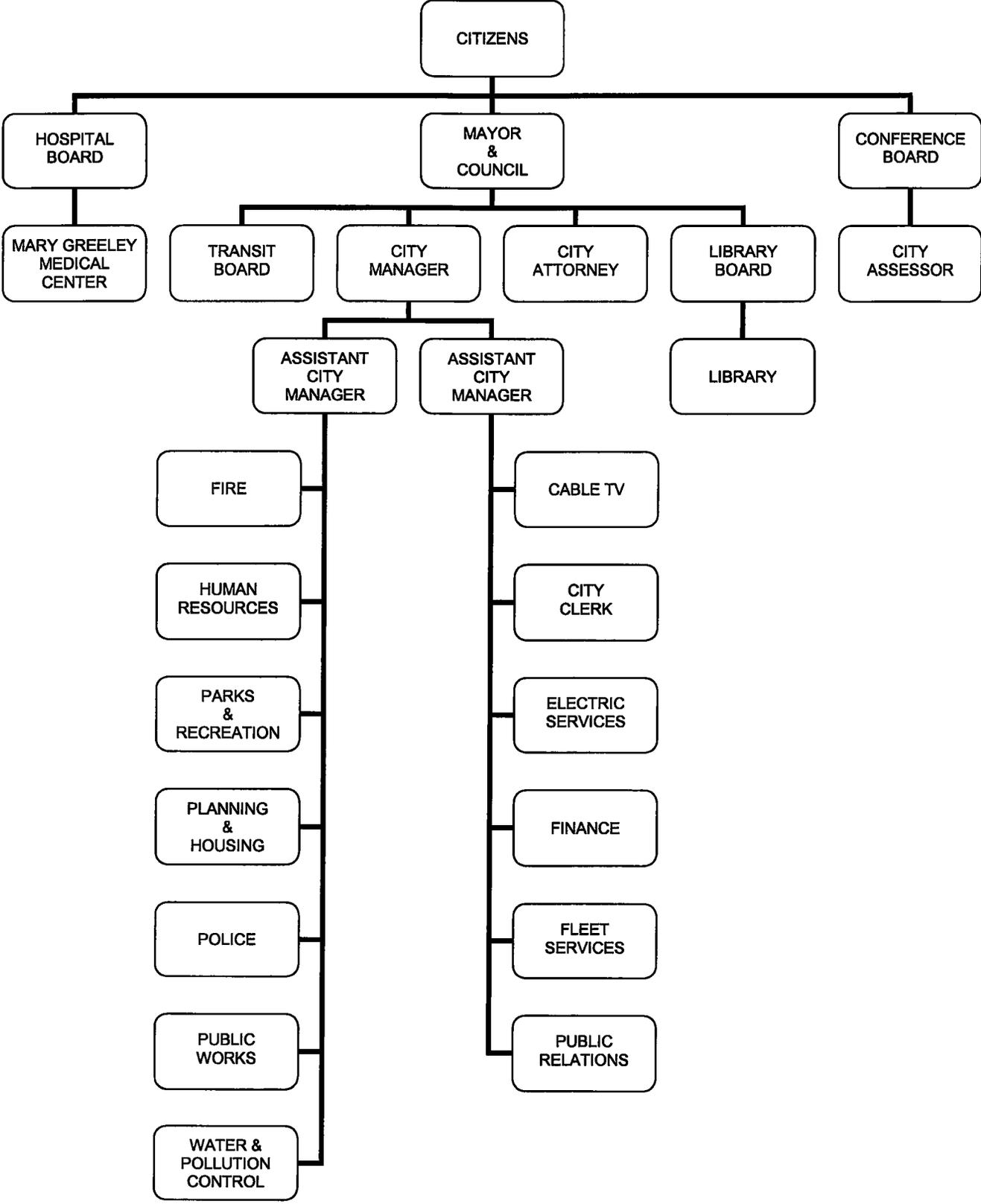
Steven L. Schainker  
City Manager



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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
Peter Orazem	Council Member – At Large
Thomas Wacha	Council Member – First Ward
Jami Larson	Council Member – Second Ward
Jeremy Davis	Council Member – Third Ward
Riad Mahayni	Council Member – Fourth Ward

#### **Council-Appointed Officials**

Steven Schainker	City Manager
Doug Marek	City Attorney

#### **Manager-Appointed/Council-Approved Official**

Diane Voss	City Clerk
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#### **Manager-Appointed Officials**

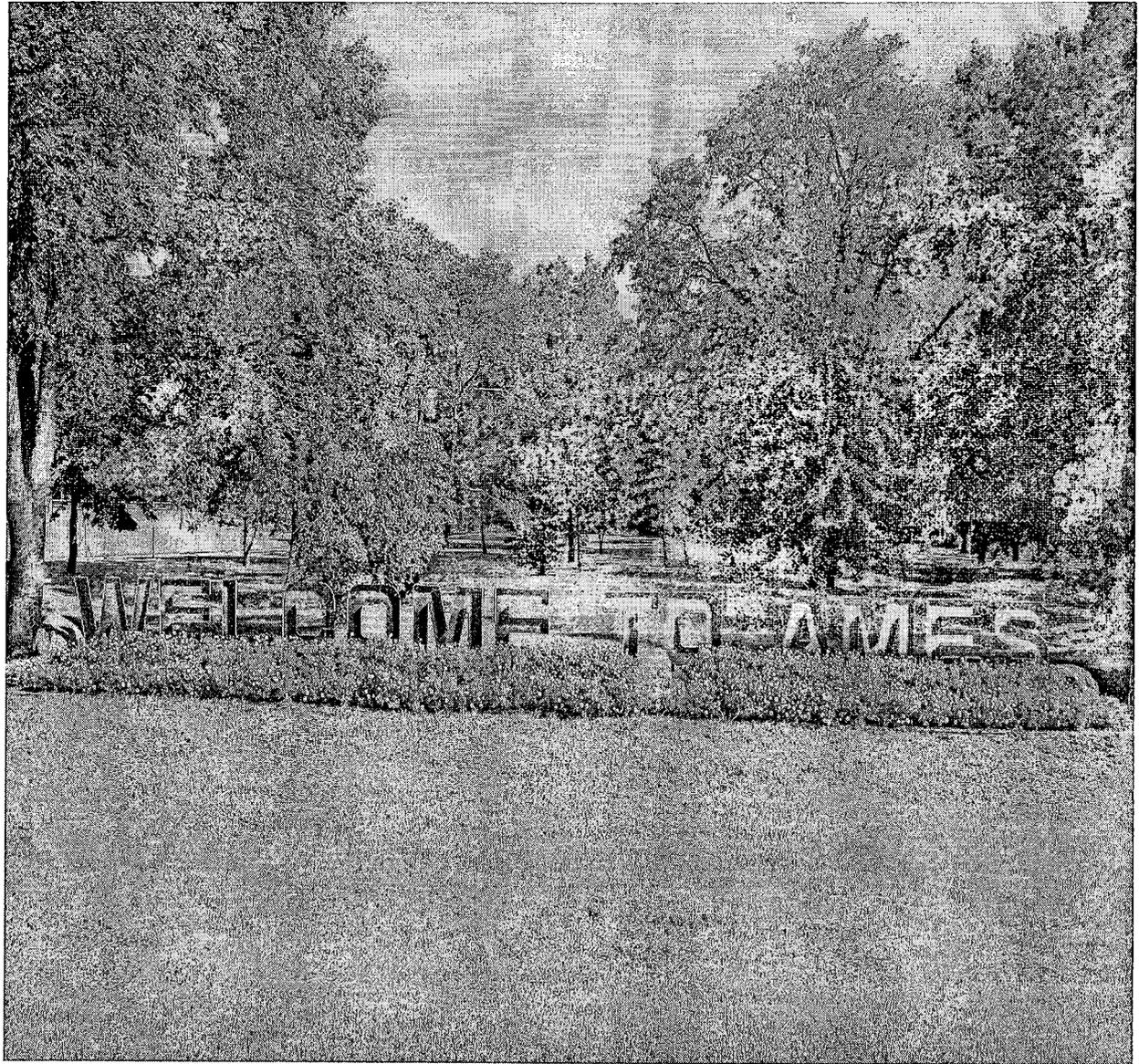
Bob Kindred	Assistant City Manager
Sheila Lundt	Assistant City Manager
Don Kom	Director of Electric Utility
John Joiner	Director of Public Works
Duane Pitcher	Director of Finance
Clint Petersen	Fire Chief
Chuck Cychosz	Police Chief
Julie Huisman	Director of Human Resources
Steve Osguthorpe	Director of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

#### **Other Officials**

Sheri Kyras	Director of Transportation
Art Weeks	Library Director

#### **Hospital Administration**

Brian Dieter	President/Chief Executive Officer
Michael J. Tretina	Vice President/Chief Financial Officer



# 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, 2010

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, 2010. 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 32 consecutive years (fiscal years ended 1979-2010). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

**FINANCIAL**  
**SECTION**



## 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, 2011, 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), which is both a major fund and 53 percent, 50 percent, and 66 percent, respectively, of the assets, net assets, and revenues of the business-type activities. We did not audit the financial statements of the component unit, which represents 100 percent of the assets, net assets, and revenues of the 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 component unit, 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. The financial statements of the component unit were not audited in accordance with *Government Auditing Standards*. 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, 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, 2011, and the respective changes in financial position, and cash flows, where applicable, 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 November 30, 2011, 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 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. 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 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 financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.



Dubuque, Iowa  
November 30, 2011

## **CITY OF AMES, IOWA**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2011**

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, 2011. 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 \$606,148,510 (net assets). This was an increase of \$54,081,943 over net assets at June 30, 2010. Unrestricted net assets at June 30, 2011 in the amount of \$234,256,141 may be used to meet the City's ongoing obligations to citizens and creditors.
- The revenues of the general fund exceeded expenses by \$581,416.
- The ending general fund balance of \$7,973,304 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 \$53,153,598. 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 expenses, including the current expansion of Mary Greeley Medical Center (the hospital).
- For the year, the expenses of the City's governmental funds exceeded revenues by \$307,245 compared to revenues exceeding expenses by \$4,456,832 in 2010. Planned expenditures of debt service and special revenue funds accounted for the excess over revenues.

#### **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 technology, 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 \$606,148,510 at the close of the most recent fiscal year.

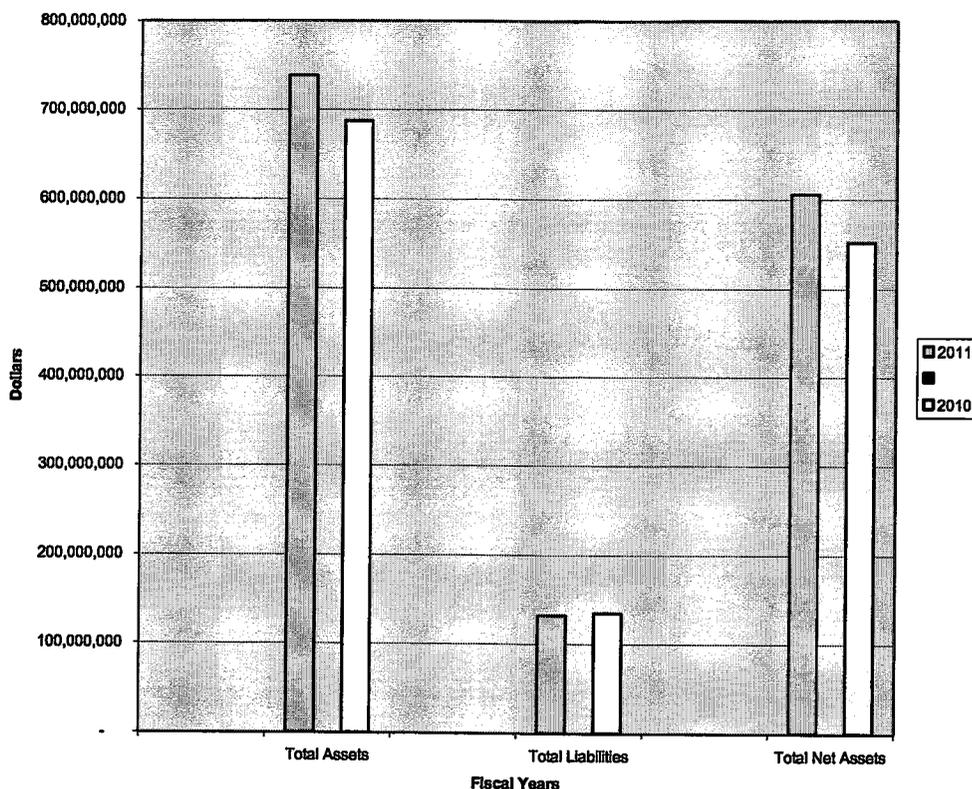
The most significant portion of the City's net assets (58.4%) are reflected in investment in capital assets such as land, buildings, infrastructure, machinery, and equipment less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to the citizens and are not available for future spending.

The City's unrestricted fund balance of \$234,256,141 is 38.6% of total net assets and is available for future spending.

### City of Ames Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 69,704,241	\$ 68,656,219	\$ 252,801,343	\$ 203,853,805	\$ 322,505,584	\$ 272,510,024
Capital assets, net of depreciation	145,984,558	145,159,023	270,095,629	269,577,869	416,080,187	414,736,892
<b>Total assets</b>	<b>215,688,799</b>	<b>213,815,242</b>	<b>522,896,972</b>	<b>473,431,674</b>	<b>738,585,771</b>	<b>687,246,916</b>
Long-term debt outstanding	37,633,323	38,122,903	23,356,505	26,484,514	60,989,828	64,607,417
Other liabilities	36,729,649	35,294,857	34,717,784	35,278,075	71,447,433	70,572,932
<b>Total liabilities</b>	<b>74,362,972</b>	<b>73,417,760</b>	<b>58,074,289</b>	<b>61,762,589</b>	<b>132,437,261</b>	<b>135,180,349</b>
<b>Net assets</b>						
Invested in capital assets, net of related debt	110,348,921	115,002,627	243,495,813	239,942,242	353,844,734	354,944,869
Restricted	15,338,746	14,864,552	2,708,889	2,717,216	18,047,635	17,581,768
Unrestricted	15,638,160	10,530,303	218,617,981	169,009,627	234,256,141	179,539,930
<b>Total net assets</b>	<b>\$ 141,325,827</b>	<b>\$ 140,397,482</b>	<b>\$ 464,822,683</b>	<b>\$ 411,669,085</b>	<b>\$ 606,148,510</b>	<b>\$ 552,066,567</b>

### Net Assets



A portion of the City's net assets (3.0%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net assets, \$234,256,141 (38.6%), may be used to meet the City's ongoing obligations to citizens and creditors.

At the close of fiscal years 2011 and 2010, 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 \$928,345 or 1.7% of the total increase in net assets in 2011 and \$7,922,678 or 19.2% of the increase in 2010. Taxes are the largest source of governmental revenues with property taxes of \$22,821,388 in 2011 and other taxes (sales taxes and road use tax) of \$12,547,767. Capital grants and contributions for 2011 totaled \$4,742,929, a decrease of \$1,513,116 due mainly to the decrease in the receipt of ARRA grants. The \$605,500 increase in property tax collections in 2011 over 2010 was due to increased valuations with a \$.01 decrease in the overall tax rate. The increase in other taxes was due to a 24% increase in hotel/motel tax and 13.4% increase in road use tax collections. Continuing to decline interest rates are reflected in the \$173,999 decrease in investment revenue.

Governmental expenses during 2011 increased \$5,820,043 over 2010 expenses or 13.8%. Community and economic development expenses increased 40.1% due to the transfer of the

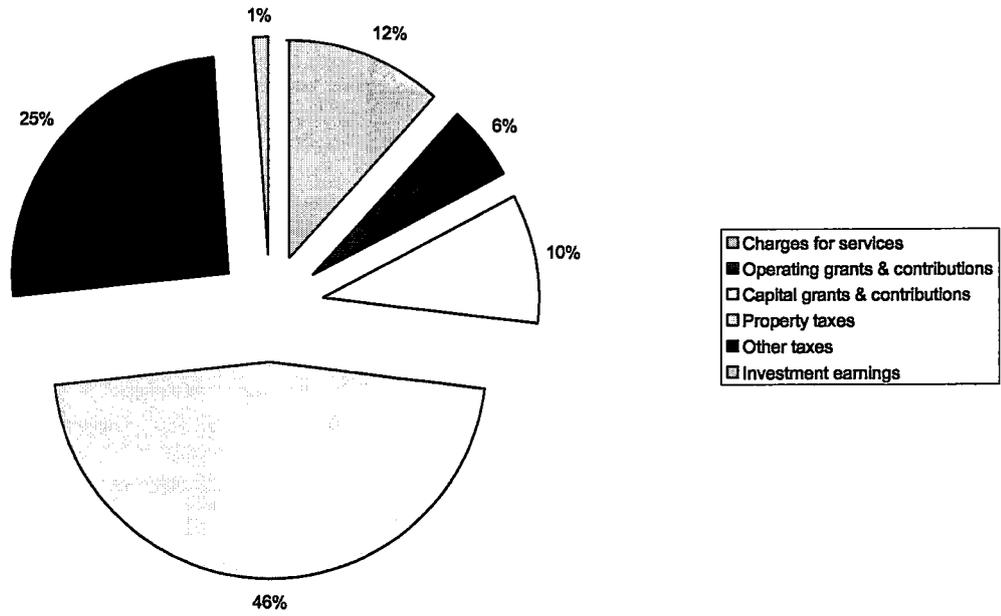
Section 8 housing program to a new provider. The 18.6% increase in Public Works expenses was due to continued work on ARRA projects. Only interest on long-term debt decreased.

City of Ames Changes in Net Assets

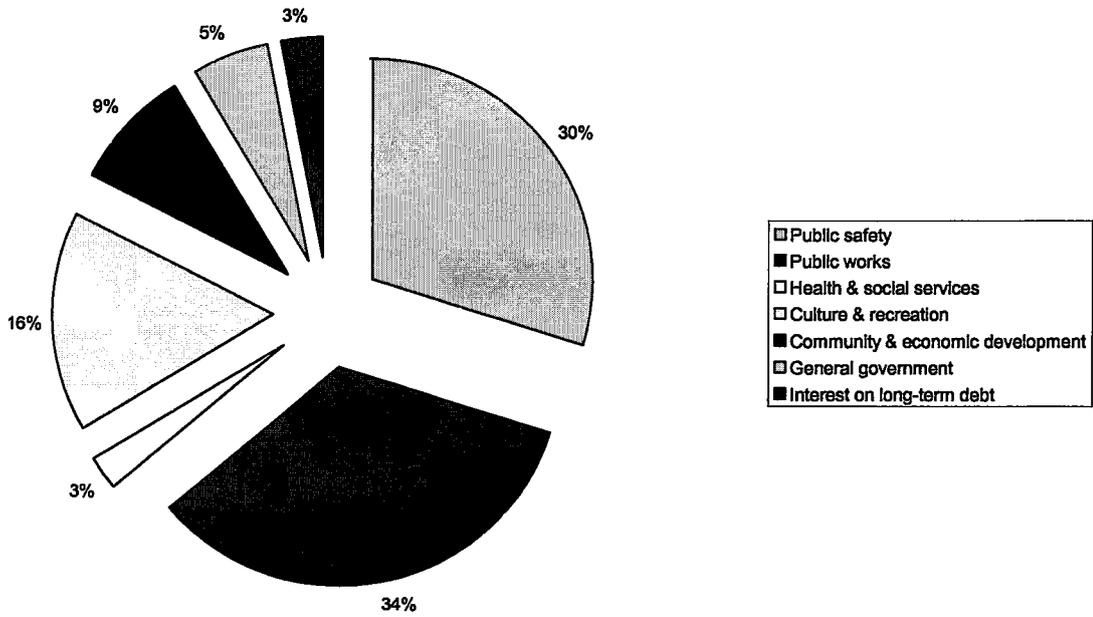
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 5,707,673	\$ 6,483,334	\$ 243,197,195	\$ 230,411,753	\$ 248,904,868	\$ 236,895,087
Operating grants & contributions	2,758,176	2,524,027	2,567,137	2,922,399	5,325,313	5,446,426
Capital grants & contributions	4,742,929	6,256,045	5,541,433	5,819,635	10,284,362	12,075,680
General revenues						
Property taxes	22,821,388	22,215,888			22,821,388	22,215,888
Other taxes	12,547,767	11,518,709			12,547,767	11,518,709
Unrestricted grants & contributions	15,990	15,842			15,990	15,842
Investment earnings	499,004	673,003	17,372,875	11,575,051	17,871,879	12,248,054
Other			9,401,265	1,151	9,401,265	1,151
<b>Total revenues</b>	<b>49,092,927</b>	<b>49,686,848</b>	<b>278,079,905</b>	<b>250,729,989</b>	<b>327,172,832</b>	<b>300,416,837</b>
<b>Expenses</b>						
Public safety	14,281,351	13,133,701			14,281,351	13,133,701
Public works	16,339,571	13,780,841			16,339,571	13,780,841
Health & social services	1,250,292	1,151,848			1,250,292	1,151,848
Culture & recreation	7,703,519	7,043,477			7,703,519	7,043,477
Community & economic development	4,262,698	3,042,375			4,262,698	3,042,375
General government	2,629,067	2,492,116			2,629,067	2,492,116
Interest on long-term debt	1,469,661	1,471,758			1,469,661	1,471,758
Mary Greeley Medical Center			146,292,855	146,809,782	146,292,855	146,809,782
Electric Utility			48,241,832	41,642,821	48,241,832	41,642,821
Sewer Utility			6,719,787	6,923,605	6,719,787	6,923,605
Water Utility			7,099,299	6,827,194	7,099,299	6,827,194
Storm Sewer Utility			917,771	782,489	917,771	782,489
Parking Lot			805,253	819,988	805,253	819,988
Resource Recovery			4,310,188	3,855,039	4,310,188	3,855,039
Transit			10,010,387	8,682,833	10,010,387	8,682,833
Ames/ISU Ice Arena			526,660	565,303	526,660	565,303
Homewood Golf Course			230,698	218,021	230,698	218,021
<b>Total expenses</b>	<b>47,936,159</b>	<b>42,116,116</b>	<b>225,154,730</b>	<b>217,127,075</b>	<b>273,090,889</b>	<b>259,243,191</b>
Excess before transfers	1,156,768	7,570,732	52,925,175	33,602,914	54,081,943	41,173,646
Transfers	(228,423)	351,946	228,423	(351,946)		
<b>Increase in net assets</b>	<b>\$ 928,345</b>	<b>\$ 7,922,678</b>	<b>\$ 53,153,598</b>	<b>\$ 33,250,968</b>	<b>\$ 54,081,943</b>	<b>\$ 41,173,646</b>

On the following page are specific graphs which provide comparisons of the governmental activities revenues and functional expenses.

**Governmental Activities Revenues 2011**



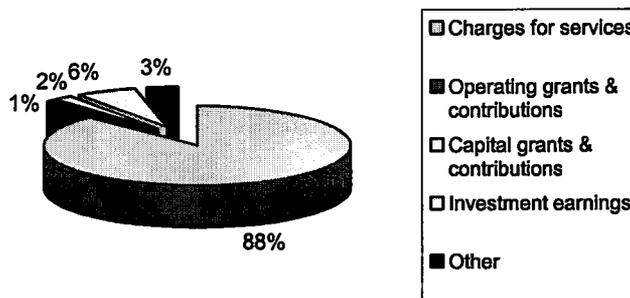
**Governmental Activities Expenses 2011**



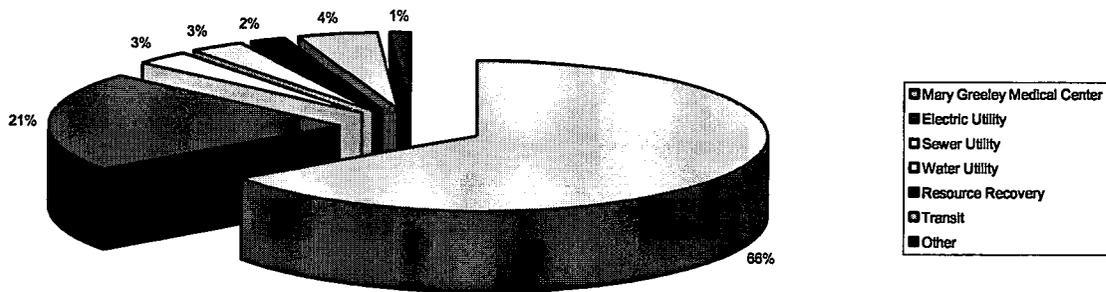
**Business-type activities.** Business-type activities increased net assets by \$53,153,598 accounting for 98.3% of the City of Ames growth in net assets at June 30, 2011. This was \$23,087,717 more than the 2010 increase in net assets of \$30,065,881. Investment earnings increased \$5,797,824 during 2011. Improved market performance of MGMC investments was responsible for this increase. Business-type charges for services increased \$12,785,442 during 2011 or 5.5% over 2010 totals. Operating and capital grants and contributions decreased \$633,464 due to the decrease in one-time ARRA grants. Income of \$9,383,000 from the discontinued operations and sale of the dialysis centers owned and managed by MGMC (the hospital) is included in 2011 other revenue.

The expenses of the business-type activities increased \$8,027,655 or 3.7% of 2010 expenses. Electric Utility expenses were up approximately \$6,600,000 with increases in production expenses, boiler #8 maintenance project increase, the fuel oil clean up, and an increase in ash handling expenses of \$705,000. Increased transit expenses included \$780,911 for repairs for damage from the August flood. The Resource Recovery plant increased reject disposal expenses and funded a feed system study and waste to energy study. Following are graphs showing the business-type activities revenue and expense comparisons.

**Business-type Activities Revenues 2011**



### Business-type Activities Expenses 2011



### 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 \$33,279,981 at June 30, 2011. This was a decrease of \$307,245 over the prior year. Approximately twenty-two percent (\$7,280,471) constitutes unassigned fund balance. The remainder of the fund balance is nonspendable, restricted, committed, or assigned to indicate that it is not available for new spending.

The general fund's fund balance increased by \$581,416 or 7.9% leaving a fund balance of 32.0% of current annual expenditures and exceeding the City's goal of 20% of expenditures.

The debt service fund decreased its fund balance \$525,252 during 2011. The timing of bond issuances and expenditures has allowed the City to maintain a fund balance in debt service in excess of \$1,900,000.

The fund balance of the capital projects fund increased by \$670,894 to \$9,453,045 at June 30, 2011. Bonds of \$6,690,000 were issued for capital projects in 2011. Grants decreased by \$1,095,804 due to one-time ARRA grants received the year before.

The fund balance of other governmental funds decreased by \$1,034,303 to \$13,911,220. Transferring the Section 8 program to another provider reduced the fund balance \$337,988; the fund balance of the housing assistance program was also reduced \$154,160. The FEMA fund

had a negative fund balance of \$470,818 due to uncollected Federal grant revenues to be received in fiscal year 2012.

**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, 2011 totaled \$458,435,614 of which 46.3% (\$212,230,912) is unrestricted. This is a \$52,748,604 or 13.0% increase over the 2010 net assets of \$405,687,010. The net assets of the internal service funds are \$19,158,882, a \$1,020,367 increase over the 2010 total net assets. The unrestricted net assets of the internal service funds are \$12,621,020 (65.9%).

The net assets of Mary Greeley Medical Center increased \$40,179,564 to \$230,213,442 or 21.1% more than the 2010 net assets of \$190,033,878. The change in net assets includes a gain of \$6,034,906 in investment earnings due to improved investment performance. Net patient revenue grew by \$7.8 million or 5.3% during fiscal 2011. Salaries and wages increased by \$1.2 million (or 2.2%) during fiscal year 2011 due to a full-time equivalent (FTE) increase of 11. There was a general wage increase of 2% implemented during the fiscal year.

The Electric Utility had a \$7,536,280 increase in net assets which is \$352,620 more than the 2010 increase in net assets. Costs of goods and services increased in 2011 by \$6,803,736, due mainly to increases in production costs, boiler maintenance, and ash handling. Charges for services increased \$7,432,036. Metered sales income increased approximately \$6,000,000 due to a warmer and longer cooling season during 2010-2011.

The Sewer Utility's decrease in net assets of \$1,040,396 was \$468,504 less than the 2010 decrease. Charges for services increased \$230,303. Rates were increased 9% for the year.

## **BUDGETARY HIGHLIGHTS**

There were two amendments to the City's 2010-2011 budget. The first amendment was passed in March 2011 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 \$4,318,830. Actual general fund expenses of \$24,893,838 were \$4,697,481 (15.91%) less than the final budgeted amount of \$29,591,319.

## **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, 2011, amounts to \$416,080,187 (net of accumulated depreciation), an increase of \$1,343,295 or 0.3% above the 2010 investment of \$414,736,892. 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 66 and 67.

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:

- Vet Med electrical substation expansion \$3,784,800.
- North Dakota Avenue shared use path \$322,800.
- Police computer-aided dispatch system \$426,200.
- Burnett Avenue reconstruction \$564,300.
- Pierce Pumper fire truck \$499,900.
- Resource Recovery plant recyclables area \$71,200.
- CyRide buses \$3,189,200.
- Greenbriar Park development \$104,200.
- North Dakota Avenue reconstruction \$799,300.
- Water meter test bench \$109,100.

**Capital Assets (net of accumulated depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 11,145,390	\$ 11,105,971	\$ 10,786,317	\$ 10,726,201	\$ 21,931,707	\$ 21,832,172
Other nondepreciable assets	4,469,154	4,492,208			4,469,154	4,492,208
Depreciable assets	127,966,668	123,931,216	238,443,782	230,012,971	366,410,450	353,944,187
Construction in progress	2,403,346	5,629,628	20,865,530	28,838,697	23,268,876	34,468,325
<b>Total</b>	<b>\$ 145,984,558</b>	<b>\$ 145,159,023</b>	<b>\$ 270,095,629</b>	<b>\$ 269,577,869</b>	<b>\$ 416,080,187</b>	<b>\$ 414,736,892</b>

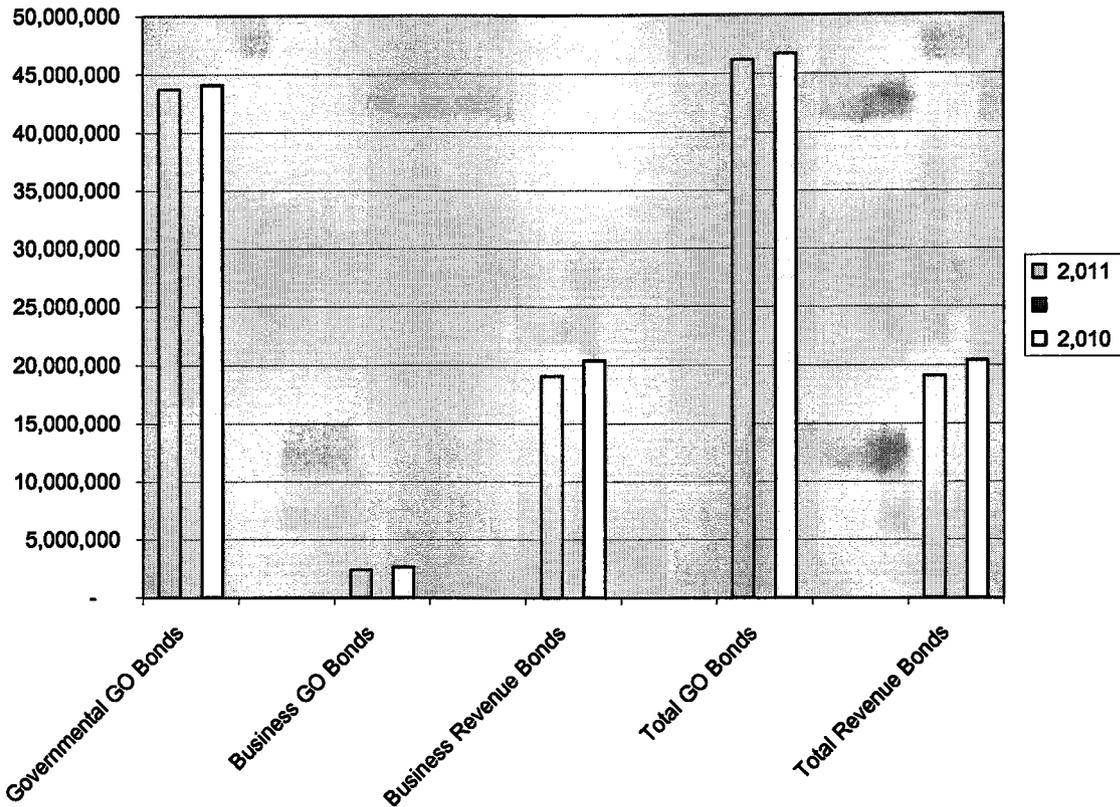
**Long-term Debt.** At the close of the fiscal year ended June 30, 2011, the City had bonds outstanding of \$65,250,000. General obligation debt was \$46,185,000 and revenue bonds outstanding totaled \$19,065,000. General obligation bonds of \$6,690,000 and general obligation refunding bonds of \$5,980,000 were issued during the year.

**Outstanding Debt**

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
General obligation bonds	\$ 43,773,894	\$ 44,095,732	\$ 2,411,106	\$ 2,639,268	\$ 46,185,000	\$ 46,735,000
Revenue bonds			19,065,000	20,405,000	19,065,000	20,405,000
<b>Total</b>	<b>\$ 43,773,894</b>	<b>\$ 44,095,732</b>	<b>\$ 21,476,106</b>	<b>\$ 23,044,268</b>	<b>\$ 65,250,000</b>	<b>\$ 67,140,000</b>

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

**Outstanding Debt**



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, 2009 related to the 2010-2011 fiscal year. The current debt limitation for the City is \$171,580,029. 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 69 through 72.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES**

The City’s unemployment rate ended the fiscal year at 5.0%, lower than the 5.3% rate for the prior year and under the State of Iowa rate of 6.0% and the 9.2% national rate.

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

**Selected Revenues**

	<b>2011</b>	<b>2010</b>	<b>Change</b>
Local Option Tax	6,109,656	5,946,715	162,941
Hotel/Motel Tax	1,416,830	1,142,165	274,665
Road Use Tax	5,013,273	4,421,774	591,499
Building Permits	692,690	572,009	120,681

**Property taxes.**

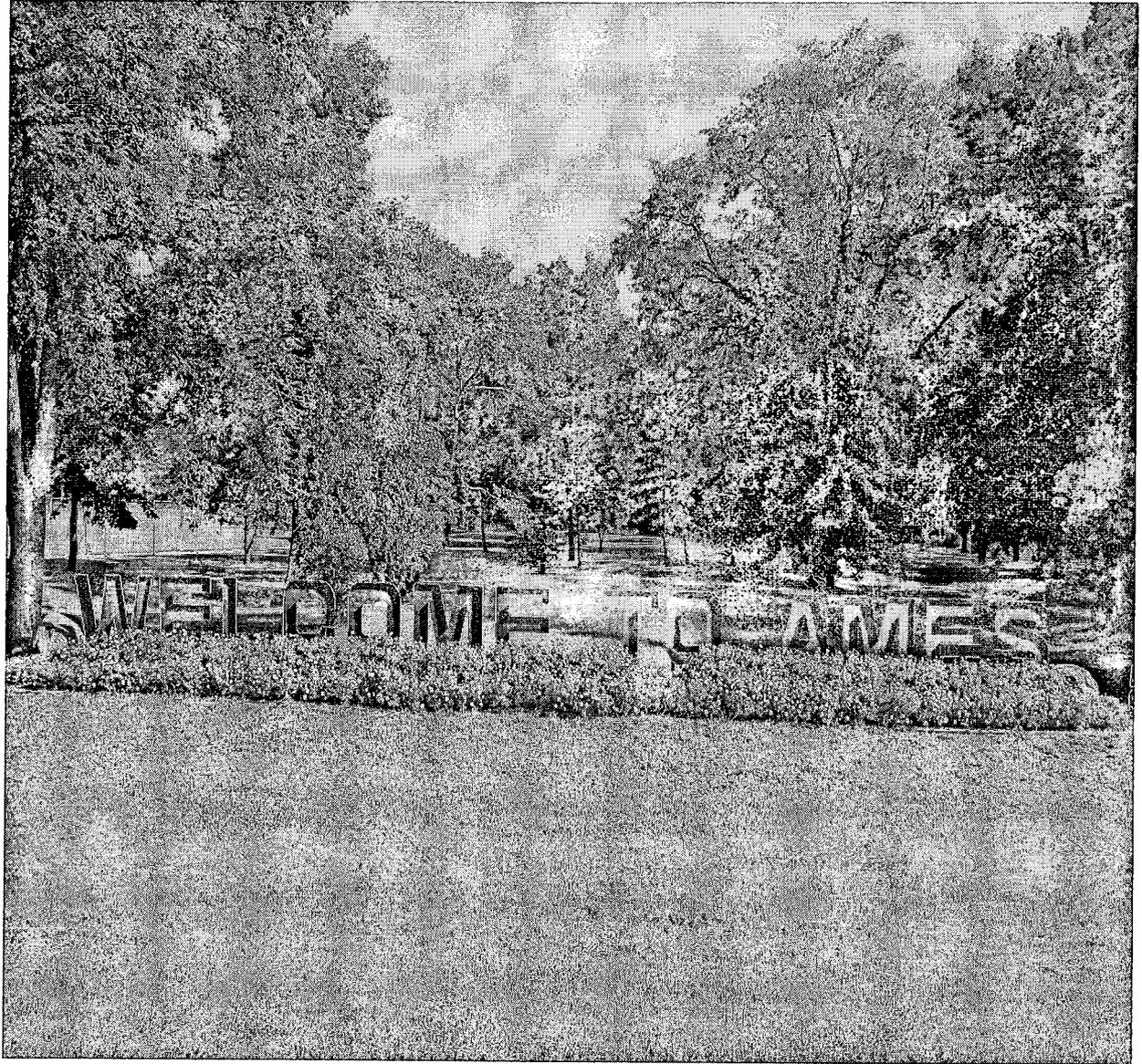
The City anticipates limited growth in valuation of taxable property. However the 2011-2012 budget decreased the property tax rate \$.00214 per \$1,000 of taxable valuation.

This negligible property tax decrease is due in part to:

- Continued success in the area of health care cost containment.
- Holding down expenses in other funds.

**Utility rates.** Rates to be charged the citizens of Ames for 2011-2012 were increased by 8% for water, 10% for sanitary sewer, and 15% for storm sewer. Rates for the electric utility 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.



**BASIC  
FINANCIAL  
STATEMENTS**

**CITY OF AMES, IOWA**

**STATEMENT OF NET ASSETS  
JUNE 30, 2011**

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>Current assets:</b>				
Cash and pooled cash investments	\$ 44,430,885	\$ 36,692,072	\$ 81,122,957	\$ 232,606
Investments		23,618,752	23,618,752	
Taxes receivable	120,454		120,454	
Special assessments receivable	287,309		287,309	
Accounts receivable, net	498,780	40,365,645	40,864,425	883,396
Pledges receivable, net				
Accrued interest receivable	184,280	144,367	328,647	
Intergovernmental receivables	3,151,572	3,280,223	6,431,795	
Loans receivable	62,395		62,395	
Internal balances	(5,163,750)	5,163,750		
Inventories	204,223	8,823,376	9,027,599	
Houses held for resale	763,360		763,360	
Prepaid items	131,285	1,990,935	2,122,220	
<b>Total unrestricted current assets</b>	<u>44,670,793</u>	<u>120,079,120</u>	<u>164,749,913</u>	<u>1,116,002</u>
<b>Restricted current assets:</b>				
Investments		2,708,889	2,708,889	
Accrued interest receivable		174,711	174,711	
<b>Total restricted current assets</b>		<u>2,883,600</u>	<u>2,883,600</u>	
<b>Total current assets</b>	<u>44,670,793</u>	<u>122,962,720</u>	<u>167,633,513</u>	<u>1,116,002</u>
<b>Noncurrent assets:</b>				
Long-term investments		11,997,075	11,997,075	10,962,865
Succeeding year taxes receivable	23,453,005		23,453,005	
Long-term loans receivable	133,764		133,764	
Long-term special assessments receivable	1,210,563		1,210,563	
Deferred debt issuance costs	236,116	217,788	453,904	
<b>Capital assets:</b>				
Land	11,145,390	10,786,317	21,931,707	
Other nondepreciable assets	4,469,154		4,469,154	
Depreciable assets	221,548,844	549,504,743	771,053,587	
Construction in progress	2,403,346	20,865,530	23,268,876	
Less accumulated depreciation	(93,582,176)	(311,060,961)	(404,643,137)	
Capital assets, net	<u>145,984,558</u>	<u>270,095,629</u>	<u>416,080,187</u>	
<b>Total unrestricted noncurrent assets</b>	<u>171,018,006</u>	<u>282,310,492</u>	<u>453,328,498</u>	<u>10,962,865</u>
<b>Restricted noncurrent assets:</b>				
Long-term investments		117,623,760	117,623,760	
<b>Total noncurrent assets</b>	<u>171,018,006</u>	<u>399,934,252</u>	<u>570,952,258</u>	<u>10,962,865</u>
<b>Total assets</b>	<u>215,688,799</u>	<u>522,896,972</u>	<u>738,585,771</u>	<u>12,078,867</u>

**CITY OF AMES, IOWA**

**STATEMENT OF NET ASSETS  
JUNE 30, 2011**

LIABILITIES	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Current liabilities:				
Accounts payable	2,397,329	13,019,052	15,416,381	169,272
Retainage payable	290,900	378,844	669,744	
Due to other governments	98,067	338,640	436,707	
Compensation and payroll taxes	236,205	2,543,449	2,779,654	
Employee benefits	6,039	9,393,173	9,399,212	
Bonds payable	6,815,280	1,609,720	8,425,000	
Loans payable		151,825	151,825	
Notes payable		1,481,766	1,481,766	
Interest payable	115,619	129,444	245,063	
Claims payable	695,439	239,512	934,951	
Unearned revenue	303,674	5,375	309,049	
Landfill postclosure costs		16,750	16,750	
Customer deposits	100,462	964,164	1,064,626	
Total current liabilities	<u>11,059,014</u>	<u>30,271,714</u>	<u>41,330,728</u>	<u>169,272</u>
Noncurrent liabilities:				
Employee benefits	1,904,386	1,366,456	3,270,842	
Post-employment benefits	313,244	2,542,099	2,855,343	
Bonds payable, net of unamortized premiums and deferred charges	37,633,323	19,910,230	57,543,553	
Loans payable		532,071	532,071	
Notes payable		2,914,204	2,914,204	
Claims payable		256,762	256,762	
Succeeding year unearned revenue	23,453,005		23,453,005	
Landfill postclosure costs		280,753	280,753	
Total noncurrent liabilities	<u>63,303,958</u>	<u>27,802,575</u>	<u>91,106,533</u>	
Total liabilities	<u>74,362,972</u>	<u>58,074,289</u>	<u>132,437,261</u>	<u>169,272</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	110,348,921	243,495,813	353,844,734	
Restricted:				
Expendable for:				
Debt service	1,942,412	2,708,889	4,651,301	
Capital improvements	8,812,966		8,812,966	
State and grant purposes	1,372,532		1,372,532	
Donor restricted purposes	1,330,949		1,330,949	
Mary Greeley Medical Center				7,615,891
Nonexpendable for:				
Perpetual care	879,887		879,887	
Furman Aquatic Center endowment	1,000,000		1,000,000	
Bliss Cancer Endowment Fund				250,572
Unrestricted	<u>15,638,160</u>	<u>218,617,981</u>	<u>234,256,141</u>	<u>4,043,132</u>
Total net assets	<u>\$ 141,325,827</u>	<u>\$ 464,822,683</u>	<u>\$ 606,148,510</u>	<u>\$ 11,909,595</u>

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, 2011**

Functions	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>Primary government:</b>			
<b>Governmental activities:</b>			
Public safety	\$ 14,281,351	2,571,060	548,361
Public works	16,339,571	217,964	108,859
Health and social services	1,250,292		
Culture and recreation	7,703,519	1,490,008	383,035
Community and economic development	4,262,698	24,163	1,717,921
General government	2,629,067	1,404,478	
Interest on long-term debt	1,469,661		
<b>Total governmental activities</b>	<b>47,936,159</b>	<b>5,707,673</b>	<b>2,758,176</b>
<b>Business-type activities:</b>			
Mary Greeley Medical Center	146,292,855	160,115,058	32,302
Electric Utility	48,241,832	57,545,144	
Sewer Utility	6,719,787	5,402,162	
Water Utility	7,099,299	7,650,007	20,379
Storm Sewer Utility	917,771	957,122	597
Parking Lot	805,253	872,625	
Resource Recovery	4,310,188	4,374,268	299,954
Transit	10,010,387	5,588,406	2,213,905
Ames/ISU Ice Arena	526,660	472,015	
Homewood Golf Course	230,698	220,388	
<b>Total business-type activities</b>	<b>225,154,730</b>	<b>243,197,195</b>	<b>2,567,137</b>
<b>Total primary government</b>	<b>\$ 273,090,889</b>	<b>\$ 248,904,868</b>	<b>\$ 5,325,313</b>
<b>Component unit:</b>			
Mary Greeley Medical Center Foundation	\$ 984,490		\$ 1,561,273

**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

Special Item - Gain on discontinued operations

Transfers

Total general revenues and transfers

Change in net assets

Total net assets at beginning of year

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			Component Unit
	Governmental Activities	Business-type Activities	Total	
499,859	\$ (10,662,071)		\$ (10,662,071)	
4,274,072	(11,738,676)		(11,738,676)	
	(1,250,292)		(1,250,292)	
(31,002)	(5,861,478)		(5,861,478)	
	(2,520,614)		(2,520,614)	
	(1,224,589)		(1,224,589)	
	(1,469,661)		(1,469,661)	
<u>4,742,929</u>	<u>(34,727,381)</u>		<u>(34,727,381)</u>	
14,455		\$ 13,868,960	13,868,960	
		9,303,312	9,303,312	
		(1,317,625)	(1,317,625)	
		571,087	571,087	
		39,948	39,948	
		67,372	67,372	
		364,034	364,034	
5,506,978		3,298,902	3,298,902	
20,000		(34,645)	(34,645)	
		(10,310)	(10,310)	
<u>5,541,433</u>		<u>26,151,035</u>	<u>26,151,035</u>	
<u>\$ 10,284,362</u>	<u>(34,727,381)</u>	<u>26,151,035</u>	<u>(8,576,346)</u>	
				\$ <u>576,783</u>
	22,821,388		22,821,388	
	7,534,494		7,534,494	
	5,013,273		5,013,273	
	15,990		15,990	
	499,004	17,372,875	17,871,879	2,035,268
		18,421	18,421	
		9,382,844	9,382,844	
	(228,423)	228,423		
	<u>35,655,726</u>	<u>27,002,563</u>	<u>62,658,289</u>	<u>2,035,268</u>
	928,345	53,153,598	54,081,943	2,612,051
	<u>140,397,482</u>	<u>411,669,085</u>	<u>552,066,567</u>	<u>9,297,544</u>
<u>\$ 141,325,827</u>	<u>\$ 464,822,683</u>	<u>\$ 606,148,510</u>		<u>\$ 11,909,595</u>

**CITY OF AMES, IOWA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011**

<b>ASSETS</b>	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
Cash and pooled cash investments	\$ 6,731,067	\$ 1,899,537	\$ 9,897,329	\$ 12,964,519	\$ 31,492,452
Taxes receivable	75,119	39,659		5,676	120,454
Special assessments receivable			287,309		287,309
Accounts receivable	376,160			25,695	401,855
Accrued interest receivable	67,111	7,397	44,335	15,843	134,686
Intergovernmental receivables	139,252		479,785	2,527,958	3,146,995
Loans receivable				62,395	62,395
Due from other funds	1,107,293		326,257	647,845	2,081,395
Inventories	51,799			84,935	136,734
Houses held for resale				763,360	763,360
Prepaid items	46,119			1,415	47,534
Succeeding year taxes receivable	14,361,388	7,637,617		1,454,000	23,453,005
Long-term loans receivable				133,764	133,764
Long-term special assessments receivable			1,210,563		1,210,563
<b>Total assets</b>	<b>\$ 22,955,308</b>	<b>\$ 9,584,210</b>	<b>\$ 12,245,578</b>	<b>\$ 18,687,405</b>	<b>\$ 63,472,501</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 187,507		\$ 938,393	\$ 604,387	\$ 1,730,287
Retainage payable			230,365	60,535	290,900
Due to other governments	58,315	\$ 4,181		2,005	64,501
Compensation and payroll taxes	151,651		6,153	64,413	222,217
Due to other funds	142,130		74,943	1,642,936	1,860,009
Deferred revenue	60,993		1,542,679	867,467	2,471,139
Succeeding year deferred revenue	14,361,388	7,637,617		1,454,000	23,453,005
Customer deposits	20,020			80,442	100,462
<b>Total liabilities</b>	<b>14,982,004</b>	<b>7,641,798</b>	<b>2,792,533</b>	<b>4,776,185</b>	<b>30,192,520</b>
<b>Fund balances:</b>					
Nonspendable	97,918			1,999,501	2,097,419
Restricted		1,942,412	9,305,045	5,692,812	16,940,269
Committed				5,577,769	5,577,769
Assigned	124,097		148,000	1,111,956	1,384,053
Unassigned	7,751,289			(470,818)	7,280,471
<b>Total fund balances</b>	<b>7,973,304</b>	<b>1,942,412</b>	<b>9,453,045</b>	<b>13,911,220</b>	<b>33,279,981</b>
<b>Total liabilities and fund balances</b>	<b>\$ 22,955,308</b>	<b>\$ 9,584,210</b>	<b>\$ 12,245,578</b>	<b>\$ 18,687,405</b>	<b>\$ 63,472,501</b>

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, 2011**

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Fund balances - total governmental funds	\$ 33,279,981
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	11,145,390
Other nondepreciable assets	4,469,154
Depreciable assets	206,675,441
Construction in progress	2,403,346
Less: accumulated depreciation	<u>(85,246,635)</u>
	<u>139,446,696</u>
Debt issuance costs are deferred and amortized over the life of the bonds	236,116
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	101,941
Long-term special assessments receivable are not considered available to pay for the current period's expenditures and are reported as deferred revenue in the funds.	1,210,563
Revenues not collected within 60 days of year-end	903,961
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	13,697,103
Depreciable assets	14,873,403
Less: accumulated depreciation	(8,335,541)
Current liabilities	(1,679,794)
Long-term liabilities	<u>(156,608)</u>
	<u>18,398,563</u>
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	(115,619)
Long-term employee benefits payable	(1,774,199)
Post-employment benefits	(286,823)
General obligation bonds payable	(43,773,894)
Deferred charges on refunding	14,728
Unamortized premiums on bonds sold	<u>(689,437)</u>
	<u>(46,625,244)</u>
Internal balance due to integration of internal service funds	<u>(5,626,750)</u>
Net assets of governmental activities	<u>\$ 141,325,827</u>

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, 2011**

	General	Debt Service	Capital Projects
<b>Revenues:</b>			
Taxes	\$ 14,233,232	\$ 7,512,708	
Special assessments			\$ 238,106
Licenses and permits	1,138,714		
Intergovernmental	388,162	45,090	3,283,909
Charges for services	3,942,574		
Fines and forfeits	196,748		
Donations	23,558		68,535
Investment earnings	402,111	50,677	106,068
Miscellaneous	120,670		119,676
Total revenues	<u>20,445,769</u>	<u>7,608,475</u>	<u>3,816,294</u>
<b>Expenditures:</b>			
<b>Current:</b>			
Public safety	13,818,017		
Public works	1,512,797		
Health and social services	176,428		
Culture and recreation	6,502,093		
Community and economic development	667,890		
General government	2,216,613	56,952	
Capital projects			9,456,742
<b>Debt service:</b>			
Principal retirement		5,741,838	
Interest and fiscal charges		1,595,755	
Total expenditures	<u>24,893,838</u>	<u>7,394,545</u>	<u>9,456,742</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,448,069)</u>	<u>213,930</u>	<u>(5,640,448)</u>
<b>Other financing sources (uses):</b>			
Issuance of bonds			6,690,000
Issuance of refunding bonds		5,980,000	
Premiums on debt issued		197,459	
Retirement of refunded bonds		(7,250,000)	
Transfers in	6,807,019	333,359	116,844
Transfers out	(1,777,534)		(495,502)
Total other financing sources (uses)	<u>5,029,485</u>	<u>(739,182)</u>	<u>6,311,342</u>
Net change in fund balances	581,416	(525,252)	670,894
Fund balances at beginning of year	<u>7,391,888</u>	<u>2,467,664</u>	<u>8,782,151</u>
Fund balances at end of year	<u>\$ 7,973,304</u>	<u>\$ 1,942,412</u>	<u>\$ 9,453,045</u>

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

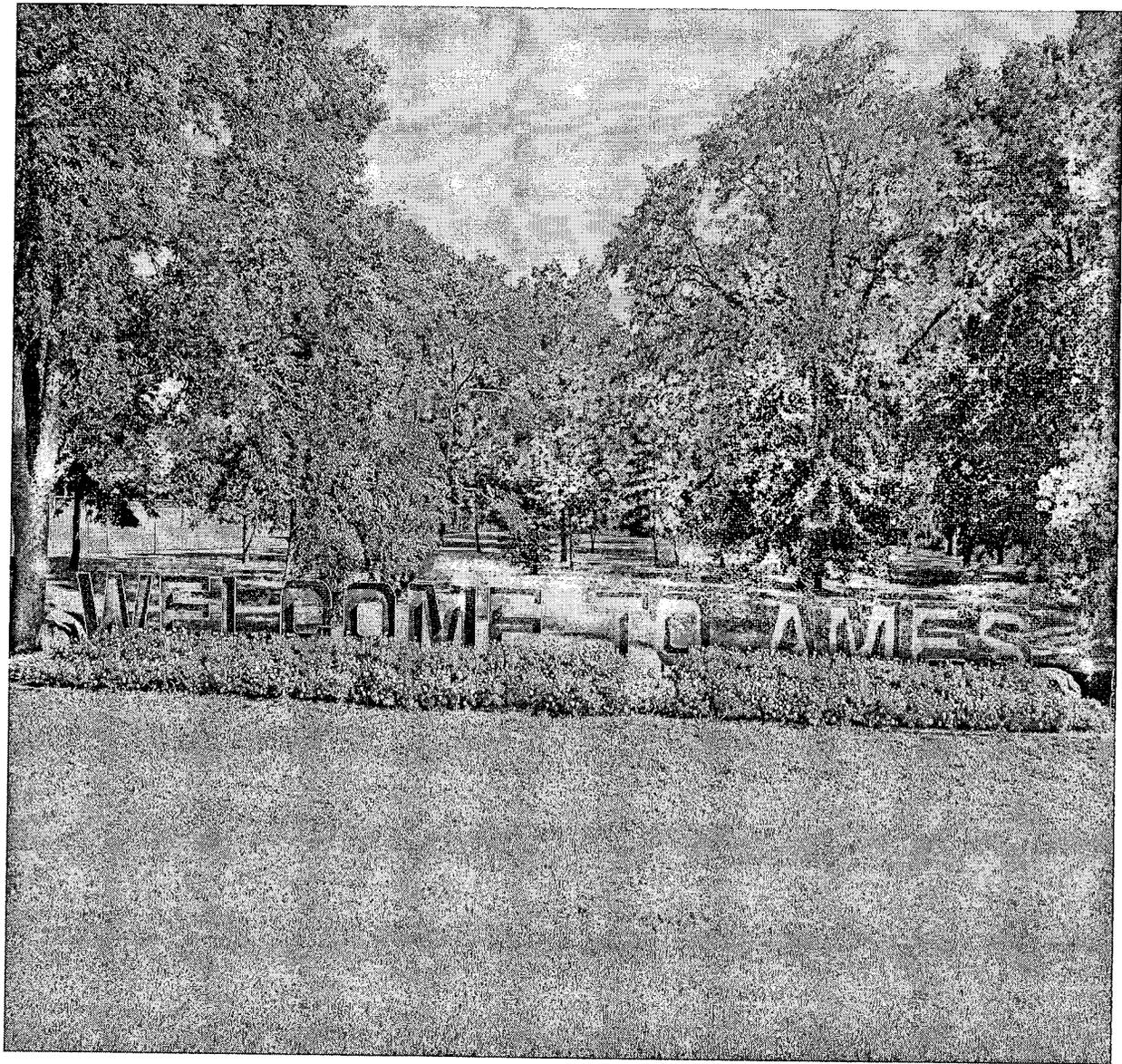
<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 1,075,448	\$ 22,821,388
	238,106
	1,138,714
15,225,446	18,942,607
26,638	3,969,212
	196,748
136,513	228,606
76,320	635,176
7,707	248,053
<u>16,548,072</u>	<u>48,418,610</u>
434,747	14,252,764
3,950,796	5,463,593
1,075,949	1,252,377
367,183	6,869,276
3,598,690	4,266,580
125,065	2,398,630
3,186,792	12,643,534
	5,741,838
	1,595,755
<u>12,739,222</u>	<u>54,484,347</u>
<u>3,808,850</u>	<u>(6,065,737)</u>
	6,690,000
	5,980,000
	197,459
	(7,250,000)
367,923	7,625,145
(5,211,076)	(7,484,112)
<u>(4,843,153)</u>	<u>5,758,492</u>
(1,034,303)	(307,245)
<u>14,945,523</u>	<u>33,587,226</u>
<u>\$ 13,911,220</u>	<u>\$ 33,279,981</u>

**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, 2011**

Net change in fund balances - total governmental funds	\$ (307,245)
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	8,287,174
Current deletion of capital assets	(1,103,461)
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	(7,447,928)
Current elimination of depreciation on deleted assets	655,351
Debt issuance costs do not require the use of current financial resources; they are amortized over the life of the debt.	90,841
Current year amortization of debt issuance costs is not shown as an expenditure in governmental funds.	(40,637)
Hotel/Motel taxes collected after year-end are shown as deferred revenue in the funds and revenue in the government-wide statements.	101,941
Prior year accrued Hotel/Motel taxes are shown as revenue in the funds and not in the government-wide statements.	(93,933)
The change in long-term special assessments receivable is shown as deferred revenue in the funds and revenue in the government-wide statements.	(184,425)
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.	(197,459)
Current year amortization of premiums is not shown as a revenue. It is used to reduce current year interest expense.	115,228
Revenues not collected within 60 days of year-end are deferred on the fund statements.	903,961
Reversal of prior year uncollected revenues	(670,314)
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.	(127,370)
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	(12,670,000)
Payments on long-term debt	12,991,838
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	125,029
Interest payable on general obligation bonds at year-end	(115,619)
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	<u>615,373</u>
Change in net assets of governmental activities	<u>\$ 928,345</u>

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



**CITY OF AMES, IOWA**

**STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2011**

ASSETS	Business-type Activities - Enterprise Funds		
	Mary Greeley Medical Center	Electric Utility	Sewer Utility
Current assets:			
Cash and pooled cash investments	\$ 13,401,183	\$ 1,567,169	\$ 5,348,983
Investments		23,618,752	
Accounts receivable, net	31,444,181	6,993,975	597,472
Accrued interest receivable		60,044	20,560
Intergovernmental receivables		1,642,151	3,669
Due from other funds		91,268	37,463
Inventories	3,168,900	5,116,075	
Prepaid items	1,829,001	155,185	660
Total unrestricted current assets	<u>49,843,265</u>	<u>39,244,619</u>	<u>6,008,807</u>
Restricted current assets:			
Investments	2,708,889		
Accrued interest receivable	174,711		
Total restricted current assets	<u>2,883,600</u>		
Total current assets	<u>52,726,865</u>	<u>39,244,619</u>	<u>6,008,807</u>
Noncurrent assets:			
Long-term investments		11,997,075	
Deferred debt issuance costs, net	207,249		
Capital assets:			
Land	4,774,987	1,769,655	1,910,222
Land improvements	1,340,212		
Plant and distribution systems		157,697,588	71,814,667
Buildings	106,950,246		
Equipment	106,099,859		
Construction in progress	3,980,898	14,238,567	42,416
Less accumulated depreciation	(116,291,001)	(111,889,234)	(39,455,130)
Capital assets, net	<u>106,855,201</u>	<u>61,816,576</u>	<u>34,312,175</u>
Total unrestricted noncurrent assets	<u>107,062,450</u>	<u>73,813,651</u>	<u>34,312,175</u>
Restricted noncurrent assets:			
Long-term investments	117,623,760		
Total noncurrent assets	<u>224,686,210</u>	<u>73,813,651</u>	<u>34,312,175</u>
Total assets	<u>277,413,075</u>	<u>113,058,270</u>	<u>40,320,982</u>

**Business-type Activities -  
Enterprise Funds (continued)**

Water Utility	Other Enterprise Funds	Totals	Internal Service Funds
\$ 7,618,510	\$ 7,806,641	\$ 35,742,486	\$ 13,888,019
		23,618,752	
875,925	452,920	40,364,473	98,097
29,518	30,605	140,727	53,234
8,256	1,626,147	3,280,223	4,577
52,267	109,552	290,550	360,087
219,135	319,266	8,823,376	67,489
4,822	1,267	1,990,935	83,751
<u>8,808,433</u>	<u>10,346,398</u>	<u>114,251,522</u>	<u>14,555,254</u>
		2,708,889	
		174,711	
		<u>2,883,600</u>	
<u>8,808,433</u>	<u>10,346,398</u>	<u>117,135,122</u>	<u>14,555,254</u>
		11,997,075	
10,539		217,788	
654,639	1,676,814	10,786,317	
	1,711,182	3,051,394	192,433
56,068,971		285,581,226	
	24,225,654	131,175,900	551,493
	23,582,694	129,682,553	14,143,147
42,416	2,561,233	20,865,530	
<u>(20,343,377)</u>	<u>(23,068,549)</u>	<u>(311,047,291)</u>	<u>(8,349,211)</u>
<u>36,422,649</u>	<u>30,689,028</u>	<u>270,095,629</u>	<u>6,537,862</u>
<u>36,433,188</u>	<u>30,689,028</u>	<u>282,310,492</u>	<u>6,537,862</u>
		117,623,760	
<u>36,433,188</u>	<u>30,689,028</u>	<u>399,934,252</u>	<u>6,537,862</u>
<u>45,241,621</u>	<u>41,035,426</u>	<u>517,069,374</u>	<u>21,093,116</u>

(continued)

**CITY OF AMES, IOWA**

**STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 JUNE 30, 2011**

LIABILITIES	Business-type Activities - Enterprise Funds		
	Mary Greeley Medical Center	Electric Utility	Sewer Utility
Current liabilities:			
Accounts payable	9,448,574	2,129,813	130,099
Retainage payable	69,370	145,908	30,621
Due to other governments		134,290	11,030
Compensation and payroll taxes	2,252,397	123,800	9,401
Employee benefits	9,316,301	35,503	7,872
Due to other funds		473,843	123,040
Loans payable			
Notes payable	1,481,766		
Bonds payable	1,375,000		
Interest payable	85,003	36,608	
Claims payable			
Unearned revenue			
Landfill postclosure costs			
Customer deposits		964,164	
Total current liabilities	<u>24,028,411</u>	<u>4,043,929</u>	<u>312,063</u>
Noncurrent liabilities:			
Employee benefits		641,189	137,942
Post-employment benefits	2,297,386	104,701	28,619
Notes payable	2,914,204		
Loans payable			
Bonds payable, net of unamortized premiums and deferred charges	17,702,870		
Claims payable	256,762		
Landfill postclosure costs			
Total noncurrent liabilities	<u>23,171,222</u>	<u>745,890</u>	<u>166,561</u>
Total liabilities	<u>47,199,633</u>	<u>4,789,819</u>	<u>478,624</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	83,381,361	61,816,576	34,312,175
Restricted for debt service	2,708,889		
Unrestricted	<u>144,123,192</u>	<u>46,451,875</u>	<u>5,530,183</u>
Total net assets	<u>\$ 230,213,442</u>	<u>\$ 108,268,451</u>	<u>\$ 39,842,358</u>

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)**

<b>Water Utility</b>	<b>Other Enterprise Funds</b>	<b>Totals</b>	<b>Internal Service Funds</b>
237,087	1,026,064	12,971,637	714,457
45,348	87,597	378,844	
21,661	171,659	338,640	33,566
15,395	142,456	2,543,449	13,988
9,631	23,707	9,393,014	6,198
156,157	96,430	849,470	22,553
	151,825	151,825	
		1,481,766	
234,720		1,609,720	
7,833		129,444	
	5,375	5,375	934,951
	16,750	16,750	49,000
		964,164	
<u>727,832</u>	<u>1,721,863</u>	<u>30,834,098</u>	<u>1,774,713</u>
188,154	396,772	1,364,057	132,586
32,757	78,122	2,541,585	26,935
		2,914,204	
	532,071	532,071	
2,207,360		19,910,230	
		256,762	
	280,753	280,753	
<u>2,428,271</u>	<u>1,287,718</u>	<u>27,799,662</u>	<u>159,521</u>
<u>3,156,103</u>	<u>3,009,581</u>	<u>58,633,760</u>	<u>1,934,234</u>
33,980,569	30,005,132	243,495,813	6,537,862
		2,708,889	
<u>8,104,949</u>	<u>8,020,713</u>	<u>212,230,912</u>	<u>12,621,020</u>
<u>\$ 42,085,518</u>	<u>\$ 38,025,845</u>	<u>\$ 458,435,614</u>	<u>\$ 19,158,882</u>

6,387,069

\$ 464,822,683

(concluded)

**CITY OF AMES, IOWA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2011**

	Business-type Activities - Enterprise Funds		
	Mary Greeley Medical Center	Electric Utility	Sewer Utility
Operating revenues:			
Charges for goods and services	\$ 160,115,058	\$ 57,545,144	\$ 5,402,162
Operating expenses:			
Cost of goods and services	109,964,698	44,437,475	4,525,805
Administration	22,063,508	1,025,438	246,207
Depreciation	12,946,187	3,002,356	1,985,443
Total operating expenses	<u>144,974,393</u>	<u>48,465,269</u>	<u>6,757,455</u>
Operating income (loss)	<u>15,140,665</u>	<u>9,079,875</u>	<u>(1,355,293)</u>
Nonoperating revenues (expenses):			
Investment earnings	16,924,808	275,016	43,614
Interest expense	(1,318,462)	(3,817)	
Federal, state, and other operating grants	32,302		
Costs reimbursed by contract participants			
Gain (loss) on disposal of capital assets	2,952		
Total nonoperating revenues	<u>15,641,600</u>	<u>271,199</u>	<u>43,614</u>
Income (loss) before contributions and transfers	30,782,265	9,351,074	(1,311,679)
Capital contributions	14,455		
Special item: gain on discontinued operations	9,382,844		
Transfers in			347,306
Transfers out		(1,814,794)	(76,023)
Change in net assets	40,179,564	7,536,280	(1,040,396)
Total net assets at beginning of year	<u>190,033,878</u>	<u>100,732,171</u>	<u>40,882,754</u>
Total net assets at end of year	<u>\$ 230,213,442</u>	<u>\$ 108,268,451</u>	<u>\$ 39,842,358</u>

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)**

<u>Water Utility</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	<u>Internal Service Funds</u>
\$ <u>7,650,007</u>	\$ <u>12,484,824</u>	\$ <u>243,197,195</u>	\$ <u>13,529,769</u>
5,529,014	13,061,275	177,518,267	11,773,413
310,648	1,781,198	25,426,999	
<u>1,202,288</u>	<u>2,037,004</u>	<u>21,173,278</u>	<u>978,508</u>
<u>7,041,950</u>	<u>16,879,477</u>	<u>224,118,544</u>	<u>12,751,921</u>
<u>608,057</u>	<u>(4,394,653)</u>	<u>19,078,651</u>	<u>777,848</u>
64,144	65,293	17,372,875	117,228
(99,526)	(19,375)	(1,441,180)	
20,379	2,214,502	2,267,183	
	299,954	299,954	
	15,469	18,421	(5,111)
<u>(15,003)</u>	<u>2,575,843</u>	<u>18,517,253</u>	<u>112,117</u>
593,054	(1,818,810)	37,595,904	889,965
	5,526,978	5,541,433	499,859
		9,382,844	
22,150	1,749,784	2,119,240	
		(1,890,817)	(369,457)
615,204	5,457,952	52,748,604	1,020,367
<u>41,470,314</u>	<u>32,567,893</u>	<u>405,687,010</u>	<u>18,138,515</u>
\$ <u>42,085,518</u>	\$ <u>38,025,845</u>	\$ <u>458,435,614</u>	\$ <u>19,158,882</u>
		\$ 52,748,604	
		<u>404,994</u>	
		\$ <u>53,153,598</u>	

**CITY OF AMES, IOWA**

**STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2011**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Mary Greeley Medical Center</b>	<b>Electric Utility</b>	<b>Sewer Utility</b>
<b>Cash flows from operating activities:</b>			
Receipts from customers	\$ 156,108,868	\$ 55,554,967	\$ 5,304,315
Payments to suppliers	(57,972,580)	(36,682,782)	(1,375,395)
Payments to employees	(72,619,473)	(8,520,146)	(2,147,865)
Payments for interfund services used		(1,850,619)	(1,187,696)
Other receipts	<u>5,726,455</u>		
<b>Net cash provided by (used in) operating activities</b>	<u>31,243,270</u>	<u>8,501,420</u>	<u>593,359</u>
<b>Cash flows from noncapital financing activities:</b>			
Operating grants	32,302		
Costs reimbursed by contract participants			
Transfers in			347,306
Transfers out		<u>(1,814,794)</u>	<u>(76,023)</u>
<b>Net cash provided by (used in) noncapital financing activities</b>	<u>32,302</u>	<u>(1,814,794)</u>	<u>271,283</u>
<b>Cash flows from capital and related financing activities:</b>			
Principal paid on revenue bond maturities	(1,340,000)		
Principal paid on general obligation bond maturities			
Interest paid and other fiscal charges	(1,125,628)	(10,127)	
Proceeds from notes payable	37,574		
Proceeds from loan program			
Principal paid on loans			
Purchases of capital assets	(10,881,001)	(5,129,637)	(870,023)
Principal paid on notes payable	(1,454,720)		
Proceeds from sale of capital assets	4,903,097		
Restricted donations	14,455		
Capital contributions			
<b>Net cash used in capital and related financing activities</b>	<u>(9,846,223)</u>	<u>(5,139,764)</u>	<u>(870,023)</u>
<b>Cash flows from investing activities:</b>			
Purchase of investments	(34,667,756)	(53,009,036)	
Proceeds from sales and maturities of investments	14,731,980	44,999,067	
Interest on investments and pooled cash	<u>4,070,934</u>	<u>262,002</u>	<u>37,585</u>
<b>Net cash provided by (used in) investing activities</b>	<u>(15,864,842)</u>	<u>(7,747,967)</u>	<u>37,585</u>

**Business-type Activities -  
Enterprise Funds (continued)**

<u>Water Utility</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	<u>Internal Service Funds</u>
\$ 7,565,823 (2,522,002) (2,325,275) (1,158,612)	\$ 11,540,111 (4,916,620) (7,733,889) (1,325,268)	\$ 236,074,084 (103,469,379) (93,346,648) (5,522,195) 5,726,455	\$ 13,600,507 (8,528,079) (1,771,101) (654,351)
<u>1,559,934</u>	<u>(2,435,666)</u>	<u>39,462,317</u>	<u>2,646,976</u>
20,379	2,214,502	2,267,183	
	299,954	299,954	
22,150	1,749,784	2,119,240	
		(1,890,817)	(369,457)
<u>42,529</u>	<u>4,264,240</u>	<u>2,795,560</u>	<u>(369,457)</u>
(228,162)		(1,340,000)	
(102,554)	(19,375)	(228,162)	
		(1,257,684)	
	87,500	37,574	
	(130,409)	87,500	
(844,989)	(9,892,663)	(130,409)	(1,231,715)
		(27,618,313)	
	23,169	(1,454,720)	
		4,926,266	313,556
		14,455	
	9,523,117	9,523,117	
<u>(1,175,705)</u>	<u>(408,661)</u>	<u>(17,440,376)</u>	<u>(918,159)</u>
		(87,676,792)	
		59,731,047	
54,121	52,933	4,477,575	98,959
<u>54,121</u>	<u>52,933</u>	<u>(23,468,170)</u>	<u>98,959</u>

(continued)

**CITY OF AMES, IOWA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Mary Greeley Medical Center</b>	<b>Electric Utility</b>	<b>Sewer Utility</b>
Net change in cash and pooled cash investments	5,564,507	(6,201,105)	32,204
Cash and pooled cash investments at beginning of year	<u>7,836,676</u>	<u>7,768,274</u>	<u>5,316,779</u>
Cash and pooled cash investments at end of year	<u>\$ 13,401,183</u>	<u>\$ 1,567,169</u>	<u>\$ 5,348,983</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 15,140,665	\$ 9,079,875	\$ (1,355,293)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	12,946,187	3,002,356	1,985,443
Changes in:			
Accounts receivable, net	2,056,759	(800,460)	(97,211)
Intergovernmental receivables		(1,218,881)	1,518
Due from other funds		27,195	(2,154)
Inventories	(170,064)	(1,801,697)	
Prepaid items	(5,717)	114,825	179
Accounts payable	972,667	(86,464)	67,172
Due to other governments		16,685	488
Accrued expenses	302,773	54,466	14,911
Due to other funds		111,551	(21,694)
Claims payable			
Unearned revenue			
Customer deposits		1,969	
Landfill postclosure costs			
Net cash provided by (used in) operating activities	<u>\$ 31,243,270</u>	<u>\$ 8,501,420</u>	<u>\$ 593,359</u>

**SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND CAPITAL FINANCING ACTIVITIES:**

Unrealized increases (decreases) in the fair value of investments	<u>\$ 13,202,700</u>	<u>\$ (44,472)</u>	<u>\$ (13,324)</u>
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Noncash capital asset contributions

Capital asset trade-ins

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

**Business-type Activities -  
Enterprise Funds (continued)**

<u>Water Utility</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	<u>Internal Service Funds</u>
480,879	1,472,846	1,349,331	1,458,319
<u>7,137,631</u>	<u>6,333,795</u>	<u>34,393,155</u>	<u>12,429,700</u>
<u>\$ 7,618,510</u>	<u>\$ 7,806,641</u>	<u>\$ 35,742,486</u>	<u>\$ 13,888,019</u>
\$ 608,057	\$ (4,394,653)	\$ 19,078,651	\$ 777,848
1,202,288	2,037,004	21,173,278	978,508
(91,316)	101,826	1,169,598	(46,005)
(8,256)	(1,054,282)	(2,279,901)	(1,946)
15,388	8,203	48,632	69,689
(31,237)	(27,355)	(2,030,353)	5,657
440	1,276	111,003	887,112
(147,471)	719,456	1,525,360	6,143
1,166	150,816	169,155	16,421
(7,884)	34,079	398,345	26,828
18,759	6,061	114,677	(134,813)
			12,534
	(460)	(460)	49,000
		1,969	
	<u>(17,637)</u>	<u>(17,637)</u>	
<u>\$ 1,559,934</u>	<u>\$ (2,435,666)</u>	<u>\$ 39,462,317</u>	<u>\$ 2,646,976</u>
<u>\$ (18,820)</u>	<u>\$ (17,743)</u>	<u>\$ 13,108,341</u>	<u>\$ (34,420)</u>
			<u>\$ 499,859</u>
			<u>\$ 4,000</u>

(concluded)

**CITY OF AMES, IOWA**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
JUNE 30, 2011**

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<b>ASSETS</b>	<b>Agency Funds</b>
Cash and pooled cash investments	\$ 269,751
Accounts receivable	<u>243</u>
Total assets	<u><u>\$ 269,994</u></u>
 <b>LIABILITIES</b>	
Accounts payable	\$ 28,416
Due to other governments	<u>241,578</u>
Total liabilities	<u><u>\$ 269,994</u></u>

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

## **CITY OF AMES, IOWA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011**

#### **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.

Permanent funds are 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. Spending policy for governmental funds is committed balances, assigned, and then unassigned fund balances. The governing body has authorized the assignment of fund balances to Finance Department management.

## **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:

<b>Assets</b>	<b>Years</b>
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**

The City implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* effective with the June 30, 2010 financial statements. Fund balances for the governmental funds are reported in classifications that comprise a hierarchy based on the extent to which the government honors constraints on the specific purposes for which amounts in those funds can be spent.

The nonspendable classification contains amounts not in spendable form or legally or contractually required to be maintained intact. Restricted amounts contain restraints on their use externally imposed by creditors, grantors, contributors, or laws or regulation of other governments; or imposed by law through constitutional provisions or enabling legislation. Committed amounts can only be used for specific purposes imposed by formal action of the government's highest level of decision-making authority. The highest level of decision-making authority is the City Council and it takes an ordinance or resolution to establish a fund balance commitment. Amounts intended to be used for specific purposes are assigned. Assignments should not cause deficits in the unassigned fund balance. Unassigned fund balance is the residual classification for the general fund.

The FEMA special revenue fund has a \$470,818 negative fund balance due to uncollected grant revenue at June 30, 2011. This revenue will be collected during fiscal year 2012 when all FEMA claims are processed and settled.

## **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 assignments 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, 2011 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, 2011, the City's investment balances were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>
Commercial Paper	\$ 7,497,350	Various 8/31/2011 thru 10/31/11
Federal Agency Coupon Securities	69,147,136	Various 12/28/2011 thru 11/16/2040
Federal Agency Discount Securities	199,264	3/15/2012
Federal Agency Pass Through Securities	1,606,236	Various 7/1/2011 thru 10/1/2014
U.S. Treasury Notes	3,770,766	Various 3/31/2016 thru 2/15/2036
Mutual Funds	74,664,020	N/A
Corporate Debt Securities	<u>7,100,551</u>	N/A
<b>Total:</b>	<b><u>\$163,985,323</u></b>	

### 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:

<u>Investment Type</u>	<u>Fair Value</u>	<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More Than 60 Months</u>
Commercial Paper	\$ 7,497,350	\$ 7,497,350			
Federal Agency Coupon Securities	69,147,136	9,040,655	\$ 4,696,215	\$ 23,323,374	\$ 32,086,892
Federal Agency Discount Securities	199,264	199,264			
Federal Agency Pass Through Securities	1,606,236	482,706	467,233	656,297	
U.S. Treasury Notes	3,770,766			686,196	3,084,570
Mutual Funds	74,664,020	74,664,020			
Corporate Debt Securities	<u>7,100,551</u>	<u>7,100,551</u>			
<b>Total</b>	<b><u>\$ 163,985,323</u></b>	<b><u>\$ 98,984,546</u></b>	<b><u>\$ 5,163,448</u></b>	<b><u>\$ 24,665,867</u></b>	<b><u>\$ 35,171,462</u></b>

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):

	<u>Fair Value At Year End</u>
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.	\$ 1,606,236

### 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.

<u>Investment Type</u>		<u>Ratings as of Year End</u>
Commercial Paper	\$ 7,497,350	A1/P1
Federal Agency Coupon Securities	69,147,136	AAA
Federal Agency Discount Securities	199,264	AAA
Federal Agency Pass Through Securities	1,606,236	AAA
U.S. Treasury Notes	3,770,766	N/A
Mutual Funds	74,664,020	N/A
Corporate Debt Securities	<u>7,100,551</u>	AAA
Total	<u>\$ 163,985,323</u>	

### 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:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>	<u>Percent of Portfolio</u>
Federal National Mortgage Association	Federal Agency Securities	16,839,671	10.27%
Federal Home Loan Mortgage Co.	Federal Agency Securities	17,769,244	10.84%
Federal Home Loan Bank	Federal Agency Securities	28,144,411	17.16%

### **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, 2011, 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:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal National Mortgage Association	Federal Agency Securities	\$ 28,144,411
Federal Home Loan Mortgage Co.	Federal Agency Securities	\$ 17,769,244
Federal Home Loan Bank	Federal Agency Securities	\$ 16,839,671
Federal Farm Credit	Federal Agency Securities	\$ 7,367,466
Abbey National LLC	Commercial Paper	\$ 4,997,375
Intesa Funding LLC	Commercial Paper	\$ 2,499,975

## 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, 2011, the City of Ames had no exposure to foreign currency rate risk.

The City has a written investment policy, approved by the Council, available for review in the offices of the City Clerk and City Treasurer. This policy addresses the different areas of 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, 2011 are summarized as follows:

Equity mutual funds	\$ 8,724,733
U.S. Treasury notes	65,182
Government agencies	234,917
Corporate debt securities	1,746,413
Certificates of deposit	<u>191,620</u>
Total investments	<u>\$ 10,962,865</u>

## B. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 11,105,971	\$ 39,419		\$ 11,145,390
Land improvements	1,384,118			1,384,118
Construction in progress	5,629,628	2,062,422	\$ 5,288,704	2,403,346
Public art collection	465,519			465,519
Library collection	2,642,571	404,056	427,110	2,619,517
Total capital assets not being depreciated	<u>21,227,807</u>	<u>2,505,897</u>	<u>5,715,814</u>	<u>18,017,890</u>
Capital assets being depreciated:				
Buildings	14,623,038		40,000	14,583,038
Equipment	17,460,634	2,307,682	1,269,163	18,499,153
Infrastructure	178,557,674	10,497,873	588,894	188,466,653
Total capital assets being depreciated	<u>210,641,346</u>	<u>12,805,555</u>	<u>1,898,057</u>	<u>221,548,844</u>
Less accumulated depreciation for:				
Buildings	7,478,022	366,814	19,000	7,825,836
Equipment	9,295,026	1,267,565	946,496	9,616,095
Infrastructure	69,937,082	6,792,057	588,894	76,140,245
Total accumulated depreciation	<u>86,710,130</u>	<u>8,426,436</u>	<u>1,554,390</u>	<u>93,582,176</u>
Total capital assets being depreciated, net	<u>123,931,216</u>	<u>4,379,119</u>	<u>343,667</u>	<u>127,966,668</u>
Governmental activities capital assets, net	<u>\$ 145,159,023</u>	<u>\$ 6,885,016</u>	<u>\$ 6,059,481</u>	<u>\$ 145,984,558</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 10,726,201	60,116		\$ 10,786,317
Construction in progress	28,838,697	11,768,714	\$ 19,741,881	20,865,530
Total capital assets not being depreciated	<u>39,564,898</u>	<u>11,828,830</u>	<u>19,741,881</u>	<u>31,651,847</u>
Capital assets being depreciated:				
Plant and distribution systems	278,923,607	6,676,109	18,490	285,581,226
Buildings	131,253,398	614,091	691,589	131,175,900
Improvements other than buildings	2,907,999	143,395		3,051,394
Equipment	110,809,436	22,984,239	4,097,452	129,696,223
Total capital assets being depreciated	<u>523,894,440</u>	<u>30,417,834</u>	<u>4,807,531</u>	<u>549,504,743</u>
Less accumulated depreciation for:				
Plant and distribution systems	165,516,143	6,190,087	18,488	171,687,742
Buildings	52,361,187	4,757,427	189,330	56,929,284
Improvements other than buildings	1,620,261	127,318		1,747,579
Equipment	74,383,878	10,098,446	3,785,968	80,696,356
Total accumulated depreciation	<u>293,881,469</u>	<u>21,173,278</u>	<u>3,993,786</u>	<u>311,060,961</u>
Total capital assets being depreciated, net	<u>230,012,971</u>	<u>9,244,556</u>	<u>813,745</u>	<u>238,443,782</u>
Business-type activities capital assets, net	<u>\$ 269,577,869</u>	<u>\$ 21,073,386</u>	<u>\$ 20,555,626</u>	<u>\$ 270,095,629</u>

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

**Governmental activities:**

Public safety	\$ 513,529
Public works	6,699,225
Culture and recreation	962,683
Community and economic development	6,690
General government	<u>244,309</u>

**Total depreciation expense governmental activities** \$ 8,426,436

**Business-type activities:**

Mary Greeley Medical Center	\$ 12,946,187
Electric utility	3,002,356
Sewer utility	1,985,443
Water utility	1,202,288
Storm sewer utility	10,528
Parking lot	12,567
Resource Recovery	433,596
Transit	1,510,554
Ames/ISU Ice Arena	61,698
Homewood golf course	<u>8,061</u>

**Total depreciation expense business-type activities** \$ 21,173,278

The City had active construction projects at June 30, 2011. The commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
City Hall Heat Pumps	\$ 560,625	\$ 163,300
Streets	2,258,243	2,949,836
Airport	324,778	685,665
Water	687,986	181,752
Sewer	242,766	57,507
Electric projects	306,754	211,401
Storm Sewer	48,165	13,635
CyRide Intermodal Facility	1,604,953	5,518,038
Total	<u>\$ 6,034,270</u>	<u>\$ 9,781,134</u>

### C. Interfund Receivables, Payables, and Transfers

Individual interfund balances at June 30, 2011 were as follows:

	Due From									
	General fund	Permanent Fund	Capital Projects	Electric fund	Sewer fund	Water fund	Nonmajor special revenue	Nonmajor enterprise	Internal Service	
<b>Total</b>										
<b>Due To:</b>										
<b>Major Funds:</b>										
General fund	\$ 1,107,293	\$ 4,811	\$ 41,635	\$ 232,240	\$ 32,358	\$ 37,509	\$ 691,452	\$ 51,568	\$ 15,720	
Permanent fund	435	435								
Capital projects	326,257		30,222	13,348	17,203	26,759	238,725			
Electric fund	91,268				43,236	47,393	245	392		
Sewer fund	37,463			21,702		15,761				
Water fund	52,267		108	32,583	11,008		8,568			
<b>Nonmajor Funds:</b>										
Nonmajor special revenue	647,410	2,501				7,261	7,261	623,128	7,261	
Nonmajor enterprise	109,552	7,344	1,008	100,776			49	375		
Internal service	360,087	131,850	1,970	73,194	11,972	21,474	75,960	36,834	6,833	
<b>Totals</b>	<b>\$ 2,732,032</b>	<b>\$ 142,130</b>	<b>\$ 4,811</b>	<b>\$ 74,943</b>	<b>\$ 473,843</b>	<b>\$ 123,040</b>	<b>\$ 156,157</b>	<b>\$ 1,638,125</b>	<b>\$ 96,430</b>	<b>\$ 22,553</b>

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, 2011:

	Transfers From					
	General fund	Capital projects	Sewer fund	Electric fund	Nonmajor special revenue	Internal Service
<b>Total</b>						
<b>Transfer To:</b>						
<b>Major Funds:</b>						
General fund	\$ 6,807,019			\$ 1,814,794	\$ 4,992,225	
Debt service	333,359		\$ 215,551		117,808	
Capital projects	116,844	\$ 40,821		\$ 76,023		
Water fund	22,150					\$ 22,150
Sewer fund	347,306					347,306
<b>Nonmajor Funds:</b>						
Nonmajor special revenue funds	367,923	6,929	279,951		81,043	
Nonmajor enterprise funds	1,749,784	1,729,784			20,000	
<b>Totals</b>	<b>\$ 9,744,385</b>	<b>\$ 1,777,534</b>	<b>\$ 495,502</b>	<b>\$ 76,023</b>	<b>\$ 1,814,794</b>	<b>\$ 369,456</b>

#### **D. Leases and Notes Payable**

The City had various leases with third parties for equipment and rental agreements. During the year ended June 30, 2011, \$821,690 was paid. Future minimum payment requirements are as follows:

<b>Year ending June 30,</b>	
2012	\$ 28,915
2013	17,160
2014	<u>5,720</u>
	<u>\$ 51,795</u>

In February 2009, the Medical Center entered into financing arrangements for the acquisition of an electronic health record system. This note, which is due to the Joint Venture, carries an interest rate of 1.45% and matures in fiscal year 2016. This note is secured by the electronic health record software.

In October 2009, the Medical Center acquired the catheterization lab operations and equipment from the Joint Venture for a purchase price of \$3.9 million. The acquisition was financed with a note payable in the original amount of \$3,100,000 due to the Joint Venture with an interest rate of 5% and matures in May 2014.

#### **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, 2011, Mary Greeley Medical Center paid \$2,294,863 in principal and interest on revenue bonds.

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

On August 24, 2010, the City issued \$6,690,000 of general obligation corporate purpose bonds dated September 30, 2010. The proceeds are to be used for the cost of construction, reconstruction and repair of streets and storm sewers in the City, repairs and improvements to City Hall, and the acquisition of equipment for the fire department.

The true interest cost on the bonds is 2.057% and the maturity dates on the bonds range from June 1, 2011 through June 1, 2022. Debt service payments are scheduled semiannually at

amounts that range from \$8,250 to \$668,250. The bonds maturing after June 1, 2018 and thereafter are subject to prior redemption on June 1, 2017 and any date thereafter at a price of par plus accrued interest to the date of redemption.

On May 17, 2011, the City issued \$5,980,000 of general obligation refunding bonds to redeem the 2002A Ames Quarry bonds, 2002B corporate purpose, and 2003 corporate purpose and Ada Hayden bonds. The true interest cost of the refunding bonds is 1.9968% and the maturity dates on the bonds range from June 1, 2012 through June 1, 2021. Debt service payments are scheduled semiannually at amounts that range from \$4,188 to \$1,332,888. The debt service on the refunded bonds was \$6,968,401 and the debt service on the refunding bonds is \$6,508,768, a difference of \$459,633. The bonds produced a net present value savings of \$435,377.

Details of bonds payable at June 30, 2011 are as follows:

	<b>Date of Issue</b>	<b>Interest Rates</b>	<b>Amount Originally Issued</b>	<b>Maturity Date</b>	<b>Outstanding June 30, 2011</b>
<b>General obligation bonds:</b>					
Corp, Fire & Ada Hayden	10/2004	2.75 - 3.25%	6,030,000	6/2014	1,995,000
Corp, Fire & GO refunding	09/2005	3.50 - 3.65%	5,495,000	6/2017	2,080,000
Corporate purpose 2006	10/2006	4.00%	5,285,000	6/2018	3,450,000
Corporate, Pool & Water	11/2007	3.75 - 4.15%	9,630,000	6/2019	7,240,000
Corporate, Pool & Water	10/2008	3.75 - 4/15%	8,355,000	6/2020	6,745,000
GO Refunding	04/2009	2.50 - 3.00%	6,995,000	6/2013	2,580,000
Corporate purpose 2009B	10/2009	2.00 - 3.50%	11,165,000	6/2021	9,805,000
Corporate purpose 2010	09/2010	2.00 - 2.50%	6,690,000	6/2022	6,310,000
GO Refunding 2011A	05/2011	2.00 - 3.35%	5,980,000	6/2021	<u>5,980,000</u>
Total general obligation bonds					<u>46,185,000</u> (a)
<b>Revenue bonds:</b>					
Mary Greeley Medical Center:					
2003 Refunding	6/2003	3.00 - 5.00%	29,385,000	6/2022	<u>19,065,000</u>
Total Mary Greeley Medical Center revenue bonds					<u>19,065,000</u>
Total revenue bonds					<u>19,065,000</u> (b)
Total all bonds					<u>\$ 65,250,000</u>

(a) Excludes unamortized premiums of \$30,974.

(b) Excludes unamortized premiums of \$262,272 and unamortized charges arising from refunding of \$249,402.

As of June 30, 2011, annual debt service requirements of governmental activities to maturity are as follows:

<u>Year ending June 30</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 6,815,280	\$ 1,331,407
2013	6,333,723	1,131,940
2014	5,501,776	951,776
2015	4,374,829	796,272
2016	4,002,882	665,259
2017-2021	16,085,404	1,469,426
2022	660,000	16,500
Total requirements	<u>\$ 43,773,894</u>	<u>\$ 6,362,580</u>

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

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

As of June 30, 2011, annual debt service requirements of business-type activities to maturity are as follows:

<u>Year ending June 30</u>	<u>General Obligation Bonds</u>		<u>Revenue Bonds</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 234,720	\$ 93,996	1,375,000	912,988	\$ 1,609,720	\$ 1,006,984
2013	241,277	85,195	1,420,000	868,300	1,661,277	953,495
2014	253,224	76,146	1,485,000	797,300	1,738,224	873,446
2015	260,171	66,651	1,560,000	723,050	1,820,171	789,701
2016	272,118	56,679	1,635,000	645,050	1,907,118	701,729
2017-2021	1,149,596	115,739	9,430,000	1,924,775	10,579,596	2,040,514
2022			2,160,000	97,200	2,160,000	97,200
Total requirements	<u>\$ 2,411,106</u>	<u>\$ 494,406</u>	<u>\$ 19,065,000</u>	<u>\$ 5,968,663</u>	<u>\$ 21,476,106</u>	<u>\$ 6,463,069</u>

The following is a summary of long-term liability activity for the year ended June 30, 2011:

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Due Within One Year
<b>Governmental Activities:</b>					
General obligation bonds	\$ 44,095,732	\$ 12,670,000	\$ (12,991,838)	\$ 43,773,894	\$ 6,815,280
Employee benefits	1,871,647	431,634	(392,836)	1,910,445	6,039
Post-employment benefits	200,636	112,607		313,243	
<b>Total Governmental Activities</b>	<b><u>\$ 46,168,015</u></b>	<b><u>\$ 13,214,241</u></b>	<b><u>\$ (13,384,674)</u></b>	<b><u>\$ 45,997,582</u></b>	<b><u>\$ 6,821,319</u></b>
<b>Business-Type Activities:</b>					
Revenue bonds	\$ 20,405,000		\$ (1,340,000)	\$ 19,065,000	\$ 1,375,000
General obligation bonds	2,639,268		(228,162)	2,411,106	234,720
Employee benefits	11,323,611	\$ 10,082,626	(10,646,608)	10,759,629	9,393,173
Post-employment benefits	2,076,727	465,373		2,542,100	
Loans payable	726,804	87,500	(130,408)	683,896	151,825
Notes payable	5,813,116		(1,417,146)	4,395,970	1,481,766
Landfill postclosure costs	315,140		(17,637)	297,503	16,750
<b>Total Business-Type Activities</b>	<b><u>\$ 43,299,666</u></b>	<b><u>\$ 10,635,499</u></b>	<b><u>\$ (13,779,961)</u></b>	<b><u>\$ 40,155,204</u></b>	<b><u>\$ 12,653,234</u></b>

Bonds payable are shown without reference to applicable premiums and deferred charges.

The City had five outstanding contracts between the Iowa Department of Economic Development (IDED) and city business entities for Community Economic Betterment Account (CEBA) loans at June 30, 2011. 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.

The City entered into an agreement with the Iowa Department of Natural Resources for a Solid Waste Alternatives Program (SWAP) loan on April 23, 2008 in the amount of \$825,000 to fund a non-ferrous metal recovery system at the Resource Recovery Plant. The loan is repayable biannually beginning on October 15, 2009 at 3% interest. The final loan payment will be July 15, 2015.

The Ames Transit Agency signed an agreement with the Iowa Department of Transportation on May 20, 2010 for an Amoco capital match revolving loan to be used for final design/construction drawings of the Ames intermodal facility. The funds, in the amount of \$87,500, were received on March 14, 2011. The loan is repayable at no interest over a 5 year period beginning December 31, 2011 and ending December 31, 2015.

## F. Components of Fund Balance

	General	Debt Service	Capital Projects	Special Revenues	Permanent Funds	Total
<b>Nonspendable:</b>						
Inventory	\$ 51,799			\$ 84,935		\$ 136,734
Prepaid Items	46,119			1,415		47,534
Perpetual Care Principal					\$ 879,887	879,887
Furman Aquatic Center Endowment					1,000,000	1,000,000
Long-term Housing Receivables				33,264		33,264
Total Nonspendable	<u>97,918</u>			<u>119,614</u>	<u>1,879,887</u>	<u>2,097,419</u>
<b>Restricted for:</b>						
Debt Service		\$ 1,942,412	\$ 174,583	164,492		2,281,487
Aquatic Center					80,621	80,621
Street & Other Construction			388,483	1,806,603		2,195,086
GO Bond Projects			8,741,979			8,741,979
Housing Assistance Programs				806,410		806,410
Public Safety				63,457		63,457
Public Safety Pension Contributions				1,367,226		1,367,226
Library Programs & Projects				1,249,853		1,249,853
Project Share				5,306		5,306
Developers Projects				148,844		148,844
Total Restricted		<u>1,942,412</u>	<u>9,305,045</u>	<u>5,612,191</u>	<u>80,621</u>	<u>16,940,269</u>
<b>Committed to:</b>						
Community Environment & Economic Betterment				5,560,715		5,560,715
Bicycle Trails				17,054		17,054
Total Committed				<u>5,577,769</u>		<u>5,577,769</u>
<b>Assigned to:</b>						
Administration & Council Projects	8,493					8,493
Green Energy Projects				3,839		3,839
Public Safety				157,158		157,158
Library	2,599			36,575		39,174
Facilities	22,943					22,943
Parks and Recreation	65,508			102,257		167,765
Airport	11,515					11,515
Cemetery	13,039					13,039
Special Assessment Projects			148,000			148,000
Housing Assistance				812,127		812,127
Total Assigned	<u>124,097</u>		<u>148,000</u>	<u>1,111,956</u>		<u>1,384,053</u>
<b>Unassigned:</b>						
	<u>7,751,289</u>			<u>(470,818)</u>		<u>7,280,471</u>
Total Fund Balances	<u>\$ 7,973,304</u>	<u>\$ 1,942,412</u>	<u>\$ 9,453,045</u>	<u>\$ 11,950,712</u>	<u>\$ 1,960,508</u>	<u>\$ 33,279,981</u>

## G. 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	<u>\$ 2,708,889</u>
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## **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 645 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, 2011 were \$442,338.

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, 2011, 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, 2011 and 2010 were as follows:

	2011	2010
Balance at July 1	\$ 421,091	\$ 586,233
Current year claims and changes in estimates	1,374,893	1,616,525
Claim payments	<u>(1,556,472)</u>	<u>(1,781,667)</u>
Balance at June 30	<u>\$ 239,512</u>	<u>\$ 421,091</u>

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 \$125,000

for specific claims each year and 125% of aggregate claims. The estimated liability for probable losses as recorded in the health benefits fund was:

	2011	2010
Balance at July 1	\$ 501,326	\$ 529,869
Current year claims and changes in estimates	5,058,927	4,368,036
Claim payments	<u>(4,864,814)</u>	<u>(4,396,579)</u>
Balance at June 30	<u>\$ 695,439</u>	<u>\$ 501,326</u>

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 \$229,424 for professional liability claims that are incurred but not reported as of June 30, 2011.

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 \$953,654 at June 30, 2011.

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, health care coverage, and workers' compensation coverage for the years ended June 30, 2011 and 2010 for Mary Greeley Medical Center were as follows:

	Professional Liabilities		Health Care		Workers' Compensation	
	2011	2010	2011	2010	2011	2010
Balance at July 1	\$ 289,569	\$ 268,092	\$ 1,283,559	\$ 1,495,181	\$ 327,390	\$ 254,551
Current year claims and changes in estimates	(50,988)	22,087	6,388,387	8,200,081	271,179	334,170
Claim payments	<u>(9,157)</u>	<u>(610)</u>	<u>(6,718,292)</u>	<u>(8,411,683)</u>	<u>(443,240)</u>	<u>(281,331)</u>
Balance at June 30	<u>\$ 229,424</u>	<u>\$ 289,569</u>	<u>\$ 953,654</u>	<u>\$ 1,283,559</u>	<u>\$ 155,329</u>	<u>\$ 327,390</u>

## B. Subsequent Events

On November 15, 2011, the City issued \$6,675,000 of general obligation corporate purpose bonds dated November 15, 2011, to be used for the cost of construction, reconstruction and repair of streets and storm sewers in the City, and repairs and improvements to City Hall.

The true interest cost on the bonds is 1.913% and the maturity dates on the bonds range from June 1, 2012 through June 1, 2023. Debt service payments are scheduled semiannually at amounts that range from \$7,560 to \$637,560. Bonds due after June 1, 2018 will be subject to call prior to maturity in whole, or from time to time in part, in any order of maturity and within a maturity by lot on said date or any date thereafter, at par plus accrued interest to date of call.

Mary Greeley Medical Center issued \$65,000,000 of revenue bonds on October 25, 2011 dated October 25, 2011. The issue consists of \$38,675,000 of serial bonds and \$26,325,000 of term bonds due in 2036. The funds are to be used for construction, furnishing, expanding, and remodeling portions of the hospital and the acquisition of equipment.

The true interest cost of the bonds is 5.238% and maturities range from June 15, 2013 through June 15, 2036. Debt service payments are scheduled semiannually at amounts that range from \$152,775 to \$5,972,775. The term bonds maturing on June 15, 2036 are subject to mandatory redemption prior to maturity from moneys required to be on deposit in the bond sinking fund, on June 15 in the years 2032 through 2036. Series 2011 bonds maturing on or after June 15, 2021 are subject to optional redemption on June 15, 2020 and any date thereafter.

On November 8, 2011 the citizens of Ames approved a bond referendum to issue up to \$18,000,000 of general obligation bonds for remodeling and expansion of the library. These bonds will be issued in the future as funds are needed for the project.

In June 2010, the Medical Center entered into a definitive agreement to sell the Webster City outpatient radiation therapy operations for a purchase price of \$5 million. The operations will be retained with the Medical Center until the scheduled closing date of June 29, 2012, at which time all operations, including the building and equipment, will be transferred to the purchasing entity.

### **C. Contingent Liabilities**

The City legal department reported to management that, as of June 30, 2011, 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 2010 to a new estimate of future costs using current inflation figures and has a balance of \$297,503 at June 30, 2011.

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, 2011 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:

	<b>2011</b>
Gross patient service revenue, at established rates	\$ 384,062,445
Deductions:	
Medicare program	(123,856,529)
Medicaid program	(15,400,399)
Blue Cross	(61,777,495)
Other payors	(21,420,725)
Bad debt expense	(7,218,694)
Net patient service revenue	<u>\$ 154,388,603</u>

## 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, 2011, State statute required contributions of 4.5 percent by the employee and 6.95 percent by the employer. Contributions increased to 5.38% for employees and 8.07% for employers effective July 1, 2011.

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
2009	\$4,807,938	100%
2010	4,965,440	100%
2011	5,240,892	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, 2011, members contributed 9.4 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. Due to recent State budget reductions, the State is not anticipating any contributions to the system. However, the employer’s contribution rate cannot be less than 17 percent of earnable compensation. Benefits include disability and death benefits. Effective July 1, 2011 the City mandated minimum contribution increased to 24.76%.

For the year ended June 30, 2011, the City’s contribution was 19.90 percent of the earnable compensation of each member.

### **Schedule of Employer Contributions**

<b>Year Ended June 30</b>	<b>Amount Required</b>	<b>Percentage Contributed</b>
2009	\$1,095,325	100%
2010	1,024,282	100%
2011	1,253,345	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 104<sup>th</sup> 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 131 active and fully vested participants, 8 terminated participants, and 6 retired participants in the plan at June 30, 2011.

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, 2011 was \$25,069,042. Employee contributions to the plan for the fiscal year ended June 30, 2011 totaled \$468,133 and employer contributions were \$687,462.

#### **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.

In June 2009, the Medical Center's Board of Trustees approved the guarantee of certain debt on behalf of the Joint Venture. The Medical Center's guaranteed portion of the Joint Venture's debt is \$750,000. The Medical Center can be required to perform on the guarantee only in the event of nonpayment of the debt by the Joint Venture. Management evaluates the Medical Center's exposure to loss at each balance sheet date and provides accruals for such as deemed necessary. No accrual was deemed necessary as of June 30, 2011.

## **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 qualify as OPEB plan assets under GASB for current GASB reporting.

The required contribution is based on pay-as-you-go financing. For fiscal years ending June 30, 2011 and 2010, the City contributed \$(25,579) and \$(13,872), respectively. Retirees receiving benefits contributed \$208,887 and \$214,440, respectively, through their required contributions. The Medical Center contributed approximately \$63,000 and \$172,000, respectively. Retirees receiving benefits contributed approximately \$181,000 and \$174,000, respectively, through their 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 years ended June 30, 2011 and 2010, the amount actually contributed to the plans, and changes in the net OPEB obligation.

## Funded Status and Funding Progress

As of July 1, 2010 and July 1, 2009, the most recent actuarial valuation dates, the actuarial accrued liability (AAL) and unfunded actuarial accrued liability (UAAL) for benefits was \$5,302,219. 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 \$81,335,406, and the ratio of the UAAL to the covered payrolls was 6.52%.

	City of Ames	MGMC	Total
Annual required contribution	\$ 172,000	\$ 344,595	\$ 516,595
Interest on net OPEB obligation	16,000	96,000	112,000
Adjustment to annual required contribution	<u>(14,000)</u>		<u>(14,000)</u>
Annual OPEB cost/expense	174,000	440,595	614,595
Contributions and payments made	<u>(26,579)</u>	<u>63,194</u>	<u>36,615</u>
Increase in net OPEB obligation	200,579	377,401	577,980
Net OPEB obligation, July 1, 2010	<u>357,378</u>	<u>1,919,985</u>	<u>2,277,363</u>
Net OPEB obligation, June 30, 2011	<u>\$ 557,957</u>	<u>\$ 2,297,386</u>	<u>\$ 2,855,343</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2011, 2010, & 2009:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2011	614,595	5.9%	2,855,343
June 30, 2010	610,831	25.9%	2,277,363
June 30, 2009	1,128,950	5.9%	1,824,717

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 is required to be presented as supplementary information following the notes to the financial statements.

## 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, 2010 actuarial valuation, projected unit credit method was used. The actuarial assumptions included a 4.5% of investment rate of return and an annual healthcare cost trend rate of 11% initially, decreasing 0.5 percent per year until reaching an ultimate rate of 5 percent.

In the July 1, 2009 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 10% initially, decreasing .5 percent per year until reaching an ultimate rate of 5 percent.

The amortization of the UAAL is being amortized as a level percentage of projected payrolls over a thirty year time period on an open basis. A separate, audited GAAP-basis postemployment benefit plan report is not available for these plans.

#### **J. Donor-restricted Endowments**

Earnings from the investment of the Furman Aquatic Center endowment of \$80,621 at June 30, 2011 are shown as restricted for donor purposes in net assets. These funds can be used at the aquatic center to minimize the City's ongoing operational costs, to fund future repairs and enhancements, and to replace equipment.

#### **K. Discontinued Operations**

After evaluation of all Medical Center departments by management, it was determined that the dialysis centers owned and managed by the Medical Center would be sold. On June 15, 2011, MGMC entered into an agreement to sell the operations and certain assets of the dialysis treatment centers in Ames, Marshalltown, and Iowa Falls as of June 1, 2011 for \$10,886,000, which resulted in the Medical Center recognizing a gain on the transaction of approximately \$10,013,000. MGMC retained ownership of the buildings and land of the centers through the agreement.

The Medical Center received a cash payment of approximately \$5,488,000 in the transaction and gained a 40% interest in a newly developed partnership with the buyer. The partnership will operate and manage the dialysis centers and has signed lease agreements with MGMC for the use of the land and buildings.

#### **L. Governmental Accounting Standards Board Statements and Pronouncements**

The City implemented the following GASB statements during the fiscal year:

GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, issued January 2010. This statement addresses issues related to measurement of OPEB obligations by certain employers participating in agent multiple-employer OPEB plans.

GASB Statement No. 59, *Financial Instruments Omnibus*, issued June 2010. This statement is intended to update and improve existing standards regarding financial reporting of certain financial instruments and external investment pools.

The City's financial statements were not affected by the implementation of these statements.

As of June 30, 2011, the GASB has issued the following statements not yet implemented by the City:

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, issued November 2010, will be effective for the City beginning with its year ending June 30, 2013. This statement addresses issues related to service concession arrangements (SCA), which are a type of public-private or public-public partnership.

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, issued November 2010, will be effective for the City beginning with its year ending June 30, 2013. This statement is intended to improve guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, issued December 2010, will be effective for the City beginning with its year ending June 30, 2013. This statement incorporates guidance that previously could only be found in certain FASB and AICPA pronouncements.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, issued June 2011, will be effective for the City with its year ending June 30, 2013. This statement provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (which is the net residual amount of the other elements).

GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions* (an amendment of GASB Statement No. 53), issued June 2011, will be effective for the City beginning with its year ending June 30, 2012. This statement clarifies that when certain conditions are met, the use of hedge accounting should not be terminated.

The City has not yet determined the effect these statements will have on the City's financial statements.

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**CITY OF AMES, IOWA**

**OTHER POSTEMPLOYMENT BENEFIT PLAN  
SCHEDULE OF FUNDING PROGRESS**

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Over-funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2011	7/1/2010 & 2009	\$	\$ 5,302,219	\$ 5,302,219	0.00%	\$ 81,335,406	6.52%
2010	7/1/2008 & 2009		5,248,219	5,248,219	0.00%	76,101,030	6.90%
2009	7/1/2008 & 2007		8,521,000	8,521,000	0.00%	79,893,723	10.67%

Fiscal year 2008 is the transition year for GASB Statement No. 45.

The information presented in the required supplementary schedule was determined as part of the actuarial valuations as of July 1, 2010 for the City of Ames and July 1, 2009 for MGMC.

The cost method used to determine the ARC is the projected unit credit actuarial cost method.

There are no plan assets.

Economic assumptions are as follows: health care cost trend rates of 5-11%; discount rates of 4.5% & 5%.

The amortization method is open period, level dollar.

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, 2011**

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Original Budget	Final Budget	Final to Actual Variance
<b>Revenues &amp; other financing sources:</b>						
Taxes levied on property	\$ 22,729,404		\$ 22,729,404	\$ 23,000,700	\$ 23,000,700	\$ (271,296)
Delinquent property taxes	152		152			152
Other City taxes	7,556,591		7,556,591	7,503,511	7,444,641	111,950
Licenses & permits	1,184,148	\$ 13,622	1,197,770	962,614	1,120,449	77,321
Use of money and property	625,675	18,046,478	18,672,153	7,062,640	9,678,654	8,993,499
Intergovernmental	10,882,211	11,886,002	22,768,213	21,321,961	41,808,573	(19,040,360)
Charges for services	3,818,949	236,846,207	240,665,156	239,934,883	241,617,279	(952,123)
Special assessments	262,707		262,707	230,000	380,000	(117,293)
Miscellaneous	871,509	2,343,595	3,215,104	1,288,204	3,105,910	109,194
Other financing sources	22,294,087	3,175,545	25,469,632	21,833,869	26,015,016	(545,384)
Total revenues and other sources	<u>70,225,433</u>	<u>272,311,449</u>	<u>342,536,882</u>	<u>323,138,382</u>	<u>354,171,222</u>	<u>(11,634,340)</u>
<b>Expenditures &amp; other financing uses:</b>						
Public safety	13,880,818		13,880,818	13,956,001	14,108,536	227,718
Public works	6,309,844		6,309,844	5,445,067	7,470,563	1,160,719
Health and social services	1,252,377		1,252,377	1,253,353	1,276,249	23,872
Culture and recreation	6,849,312		6,849,312	6,908,702	6,939,039	89,727
Community and economic development	3,689,408		3,689,408	3,749,837	5,183,733	1,494,325
General government	2,320,971		2,320,971	2,607,392	2,646,384	325,413
Debt service	14,975,264		14,975,264	9,105,994	14,982,848	7,584
Capital projects	12,098,963		12,098,963	12,021,967	32,019,138	19,920,175
Total government activities expenditures	<u>61,376,957</u>		<u>61,376,957</u>	<u>55,048,313</u>	<u>84,626,490</u>	<u>23,249,533</u>
Business type/enterprises		217,702,249	217,702,249	261,655,398	276,281,358	58,579,109
Total government activities & business expenditures	61,376,957	217,702,249	279,079,206	316,703,711	360,907,848	81,828,642
Transfers out	8,954,880	3,647,293	12,602,173	11,591,869	12,863,016	260,843
Total expenditures/transfers out	<u>70,331,837</u>	<u>221,349,542</u>	<u>291,681,379</u>	<u>328,295,580</u>	<u>373,770,864</u>	<u>82,089,485</u>
Excess revenues & other sources over (under) expenditures/transfers out	(106,404)	50,961,907	50,855,503	(5,157,198)	(19,599,642)	70,455,145
Beginning fund balance July 1	<u>36,916,669</u>	<u>373,766,988</u>	<u>410,683,657</u>	<u>350,744,926</u>	<u>410,683,657</u>	
Ending fund balance June 30	<u>\$ 36,810,265</u>	<u>\$ 424,728,895</u>	<u>\$ 461,539,160</u>	<u>\$ 345,587,728</u>	<u>\$ 391,084,015</u>	<u>\$ 70,455,145</u>

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, 2011**

	Governmental Funds			Proprietary Funds		
	Budget Basis	Adjustments	Modified Accrual Basis	Budget Basis	Adjustments	Accrual Basis
Revenues & other financing sources	\$ 70,225,433	\$ (1,314,219)	\$ 68,911,214	\$ 272,311,449	\$ 7,887,696	\$ 280,199,145
Expenditures & other financing uses	<u>70,331,837</u>	<u>(1,113,378)</u>	<u>69,218,459</u>	<u>221,349,542</u>	<u>6,100,999</u>	<u>227,450,541</u>
Excess revenues & other sources over (under) expenditures & other uses	(106,404)	(200,841)	(307,245)	50,961,907	1,786,697	52,748,604
Beginning fund balances	<u>36,916,669</u>	<u>(3,329,443)</u>	<u>33,587,226</u>	<u>373,766,988</u>	<u>31,920,022</u>	<u>405,687,010</u>
Ending fund balances	<u>\$ 36,810,265</u>	<u>\$ (3,530,284)</u>	<u>\$ 33,279,981</u>	<u>\$ 424,728,895</u>	<u>\$ 33,706,719</u>	<u>\$ 458,435,614</u>

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, 2011**

#### **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.

During the year, two budget amendments increased budgeted expenditures by \$45,475,284. 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 property 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 legally 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, 2011**

ASSETS	Special Revenue Funds	Permanent Funds		Total Nonmajor Governmental Funds
		Perpetual Care	Furman Aquatic Center Endowment	
Cash and pooled cash investments	\$ 11,004,047	\$ 884,023	\$ 1,076,449	\$ 12,964,519
Taxes receivable	5,676			5,676
Accounts receivable	25,455	240		25,695
Accrued interest receivable	11,671		4,172	15,843
Intergovernmental receivables	2,527,958			2,527,958
Loans receivable	62,395			62,395
Due from other funds	647,410	435		647,845
Inventories	84,935			84,935
Houses held for resale	763,360			763,360
Prepaid items	1,415			1,415
Succeeding year taxes receivable	1,454,000			1,454,000
Long-term loans receivable	133,764			133,764
<b>Total assets</b>	<b>\$ 16,722,086</b>	<b>\$ 884,698</b>	<b>\$ 1,080,621</b>	<b>\$ 18,687,405</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 604,387			\$ 604,387
Retainage payable	60,535			60,535
Due to other governments	2,005			2,005
Compensation and payroll taxes	64,413			64,413
Due to other funds	1,638,125	\$ 4,811		1,642,936
Deferred revenue	867,467			867,467
Succeeding year unearned revenue	1,454,000			1,454,000
Customer deposits	80,442			80,442
<b>Total liabilities</b>	<b>4,771,374</b>	<b>4,811</b>		<b>4,776,185</b>
Fund balances:				
Nonspendable	119,614	879,887	\$ 1,000,000	1,999,501
Restricted	5,612,191		80,621	5,692,812
Committed	5,577,769			5,577,769
Assigned	1,111,956			1,111,956
Unassigned	(470,818)			(470,818)
<b>Total fund balances</b>	<b>11,950,712</b>	<b>879,887</b>	<b>1,080,621</b>	<b>13,911,220</b>
<b>Total liabilities and fund balances</b>	<b>\$ 16,722,086</b>	<b>\$ 884,698</b>	<b>\$ 1,080,621</b>	<b>\$ 18,687,405</b>

**CITY OF AMES, IOWA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011**

	Special Revenue Funds	Permanent Funds		Total Nonmajor Governmental Funds
		Perpetual Care	Furman Aquatic Center Endowment	
<b>Revenues:</b>				
Taxes	\$ 1,075,448			\$ 1,075,448
Intergovernmental	15,225,446			15,225,446
Charges for services	26,638			26,638
Donations	136,513			136,513
Investment earnings	57,396	\$ 9,784	\$ 9,140	76,320
Miscellaneous	7,707			7,707
<b>Total revenues</b>	<b>16,529,148</b>	<b>9,784</b>	<b>9,140</b>	<b>16,548,072</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Public safety	434,747			434,747
Public works	3,950,796			3,950,796
Health and social services	1,075,949			1,075,949
Culture and recreation	367,183			367,183
Community and economic development	3,598,690			3,598,690
General government	125,065			125,065
Capital projects	3,186,792			3,186,792
<b>Total expenditures</b>	<b>12,739,222</b>			<b>12,739,222</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>3,789,926</b>	<b>9,784</b>	<b>9,140</b>	<b>3,808,850</b>
<b>Other financing sources (uses):</b>				
Transfers in	367,923			367,923
Transfers out	(5,211,076)			(5,211,076)
<b>Total other financing sources (uses)</b>	<b>(4,843,153)</b>			<b>(4,843,153)</b>
<b>Net change in fund balance</b>	<b>(1,053,227)</b>	<b>9,784</b>	<b>9,140</b>	<b>(1,034,303)</b>
<b>Fund balances at beginning of year</b>	<b>13,003,939</b>	<b>870,103</b>	<b>1,071,481</b>	<b>14,945,523</b>
<b>Fund balances at end of year</b>	<b>\$ 11,950,712</b>	<b>\$ 879,887</b>	<b>\$ 1,080,621</b>	<b>\$ 13,911,220</b>

**CITY OF AMES, IOWA**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2011**

<b>ASSETS</b>	<b>Local Option Tax</b>	<b>Hotel/ Motel Tax</b>	<b>Leased Housing</b>	<b>Road Use Tax</b>	<b>Bike Licenses</b>
Cash and pooled cash investments	\$ 4,435,982	\$ 443,124	\$ 299,379	\$ 1,788,261	\$ 17,054
Taxes receivable					
Accounts receivable					
Accrued interest receivable			88		
Intergovernmental receivables	986,378	356,436		458,213	
Loans receivable					
Due from other funds		855		34,346	
Inventories				84,935	
Houses held for resale					
Prepaid items					
Succeeding year taxes receivable					
Long-term loans receivable					
<b>Total assets</b>	<b>\$ 5,422,360</b>	<b>\$ 800,415</b>	<b>\$ 299,467</b>	<b>\$ 2,365,755</b>	<b>\$ 17,054</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 89,567	\$ 45,347	\$ 262,575	\$ 176,810	
Retainage payable	11,264			49,271	
Interest payable					
Due to other governments			1,339	342	
Compensation and payroll taxes	3,170			59,269	
Due to other funds	794,661	139	14,259	188,525	
Deferred revenue	5,451	356,436			
Succeeding year unearned revenue					
Customer deposits	1,005				
<b>Total liabilities</b>	<b>905,118</b>	<b>401,922</b>	<b>278,173</b>	<b>474,217</b>	
<b>Fund balances:</b>					
Nonspendable				84,935	
Restricted				1,806,603	
Committed	4,517,242	398,493			\$ 17,054
Assigned			21,294		
Unassigned					
<b>Total fund balances</b>	<b>4,517,242</b>	<b>398,493</b>	<b>21,294</b>	<b>1,891,538</b>	<b>17,054</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,422,360</b>	<b>\$ 800,415</b>	<b>\$ 299,467</b>	<b>\$ 2,365,755</b>	<b>\$ 17,054</b>

Police Forfeiture & Grants	Housing Assistance	TIF	Employee Benefit Property Tax	Police & Fire 411	Parks & Recreation Programs
\$ 57,371	\$ 119,034	\$ 164,492	\$ 5,676	\$ 1,362,983	\$ 106,990
368	3,744				14,848
88,794	68,041			5,327	442
346	14,219				298
	588,299				
			1,454,000		
<u>\$ 146,879</u>	<u>\$ 826,601</u>	<u>\$ 164,492</u>	<u>\$ 1,459,676</u>	<u>\$ 1,368,310</u>	<u>\$ 122,578</u>
\$ 41	\$ 19				\$ 20,735
					200
81,457	2,485		\$ 5,676	\$ 1,084	458
1,924					298
			1,454,000		
<u>83,422</u>	<u>2,504</u>		<u>1,459,676</u>	<u>1,084</u>	<u>21,691</u>
63,457	33,264	\$ 164,492		1,367,226	
	790,833				100,887
<u>63,457</u>	<u>824,097</u>	<u>164,492</u>		<u>1,367,226</u>	<u>100,887</u>
<u>\$ 146,879</u>	<u>\$ 826,601</u>	<u>\$ 164,492</u>	<u>\$ 1,459,676</u>	<u>\$ 1,368,310</u>	<u>\$ 122,578</u>

(continued)

**CITY OF AMES, IOWA**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2011**

<b>ASSETS</b>	<b>Library Donations</b>	<b>Project Share</b>	<b>Police &amp; Fire Donations</b>	<b>CDBG</b>
Cash and pooled cash investments	\$ 1,285,863	\$ 8,590	\$ 2,053	\$ 3,406
Taxes receivable				
Accounts receivable		800		
Accrued interest receivable	5,026			
Intergovernmental receivables				21,374
Loans receivable				4,096
Due from other funds	23,564			
Inventories				
Houses held for resale				763,360
Prepaid items	475			940
Succeeding year taxes receivable				
Long-term loans receivable				28,879
<b>Total assets</b>	<b>\$ 1,314,928</b>	<b>\$ 9,390</b>	<b>\$ 2,053</b>	<b>\$ 822,055</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 2,287			\$ 5,149
Retainage payable				
Interest payable				
Due to other governments				18
Compensation and payroll taxes	1,974			
Due to other funds	23,764	\$ 245		9,538
Deferred revenue				
Succeeding year unearned revenue				
Customer deposits				
<b>Total liabilities</b>	<b>28,025</b>	<b>245</b>		<b>14,705</b>
<b>Fund balances:</b>				
Nonspendable	475			940
Restricted	1,249,853	5,306		806,410
Committed				
Assigned	36,575	3,839	\$ 2,053	
Unassigned				
<b>Total fund balances</b>	<b>1,286,903</b>	<b>9,145</b>	<b>2,053</b>	<b>807,350</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,314,928</b>	<b>\$ 9,390</b>	<b>\$ 2,053</b>	<b>\$ 822,055</b>

Animal Shelter Donations	Public Art Donations	Developers' Projects	Economic Development & Loans	FEMA	Total Nonmajor Special Revenue Funds
\$ 154,749	\$ 1,365	\$ 228,109	\$ 525,242		\$ 11,004,047
300			5,395		5,676
611	5	172			25,455
50				\$ 548,374	11,671
			44,080		2,527,958
					62,395
					647,410
					84,935
					763,360
					1,415
					1,454,000
			71,621		133,764
<u>\$ 155,710</u>	<u>\$ 1,370</u>	<u>\$ 228,281</u>	<u>\$ 646,338</u>	<u>\$ 548,374</u>	<u>\$ 16,722,086</u>
\$ 499			\$ 1,358		\$ 604,387
					60,535
106					2,005
				\$ 515,834	64,413
				503,358	1,638,125
					867,467
		\$ 79,437			1,454,000
					80,442
<u>605</u>		<u>79,437</u>	<u>1,358</u>	<u>1,019,192</u>	<u>4,771,374</u>
		148,844			119,614
			644,980		5,612,191
155,105	\$ 1,370				5,577,769
				(470,818)	1,111,956
<u>155,105</u>	<u>1,370</u>	<u>148,844</u>	<u>644,980</u>	<u>(470,818)</u>	<u>(470,818)</u>
<u>\$ 155,710</u>	<u>\$ 1,370</u>	<u>\$ 228,281</u>	<u>\$ 646,338</u>	<u>\$ 548,374</u>	<u>\$ 16,722,086</u>

(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, 2011**

	Local Option Tax	Hotel/ Motel Tax	Leased Housing	Road Use Tax	Bike Licenses
<b>Revenues:</b>					
Taxes					
Intergovernmental	\$ 6,109,656	\$ 1,416,830	\$ 1,183,385	\$ 5,013,273	
Charges for services			11,354		
Donations					
Investment earnings			1,702		
Miscellaneous					
<b>Total revenues</b>	<u>6,109,656</u>	<u>1,416,830</u>	<u>1,196,441</u>	<u>5,013,273</u>	
<b>Expenditures:</b>					
<b>Current:</b>					
Public safety				3,880,778	
Public works	17,019				
Health and social services	1,075,949				
Culture and recreation	243,814	3,971			
Community and economic development	11,094	1,177,033	1,534,429		
General government		363		76,805	
Capital projects	1,143,059	6,337		860,677	
<b>Total expenditures</b>	<u>2,490,935</u>	<u>1,187,704</u>	<u>1,534,429</u>	<u>4,818,260</u>	<u>-</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>3,618,721</u>	<u>229,126</u>	<u>(337,988)</u>	<u>195,013</u>	<u>-</u>
<b>Other financing sources (uses):</b>					
Transfers in	81,043				
Transfers out	(3,648,758)	(202,607)			
<b>Total other financing sources (uses)</b>	<u>(3,567,715)</u>	<u>(202,607)</u>		<u>-</u>	
<b>Net change in fund balance</b>	51,006	26,519	(337,988)	195,013	-
<b>Fund balances at beginning of year</b>	<u>4,466,236</u>	<u>371,974</u>	<u>359,282</u>	<u>1,696,525</u>	<u>17,054</u>
<b>Fund balances at end of year</b>	<u>\$ 4,517,242</u>	<u>\$ 398,493</u>	<u>\$ 21,294</u>	<u>\$ 1,891,538</u>	<u>\$ 17,054</u>

Police Forfeiture & Grants	Housing Assistance	TIF	Employee Benefit Property Tax	Police & Fire 411	Parks & Recreation Programs
\$ 419,453	\$ 68,041	\$ 158	\$ 1,075,290		\$ 90,000
3,493	5,907				3,050
	21,806	2,623		\$ 11,687	40,900
4,695					1,793
<u>427,641</u>	<u>95,754</u>	<u>2,781</u>	<u>1,075,290</u>	<u>11,687</u>	<u>135,743</u>
414,657					
	249,914				21,016
		35,772		12,125	
					118,882
<u>414,657</u>	<u>249,914</u>	<u>35,772</u>		<u>12,125</u>	<u>139,898</u>
12,984	(154,160)	(32,991)	1,075,290	(438)	(4,155)
		279,951			
		(117,808)	(1,075,290)	(166,613)	
		162,143	(1,075,290)	(166,613)	-
12,984	(154,160)	129,152		(167,051)	(4,155)
<u>50,473</u>	<u>978,257</u>	<u>35,340</u>		<u>1,534,277</u>	<u>105,042</u>
<u>\$ 63,457</u>	<u>\$ 824,097</u>	<u>\$ 164,492</u>	<u>\$</u>	<u>\$ 1,367,226</u>	<u>\$ 100,887</u>

(continued)

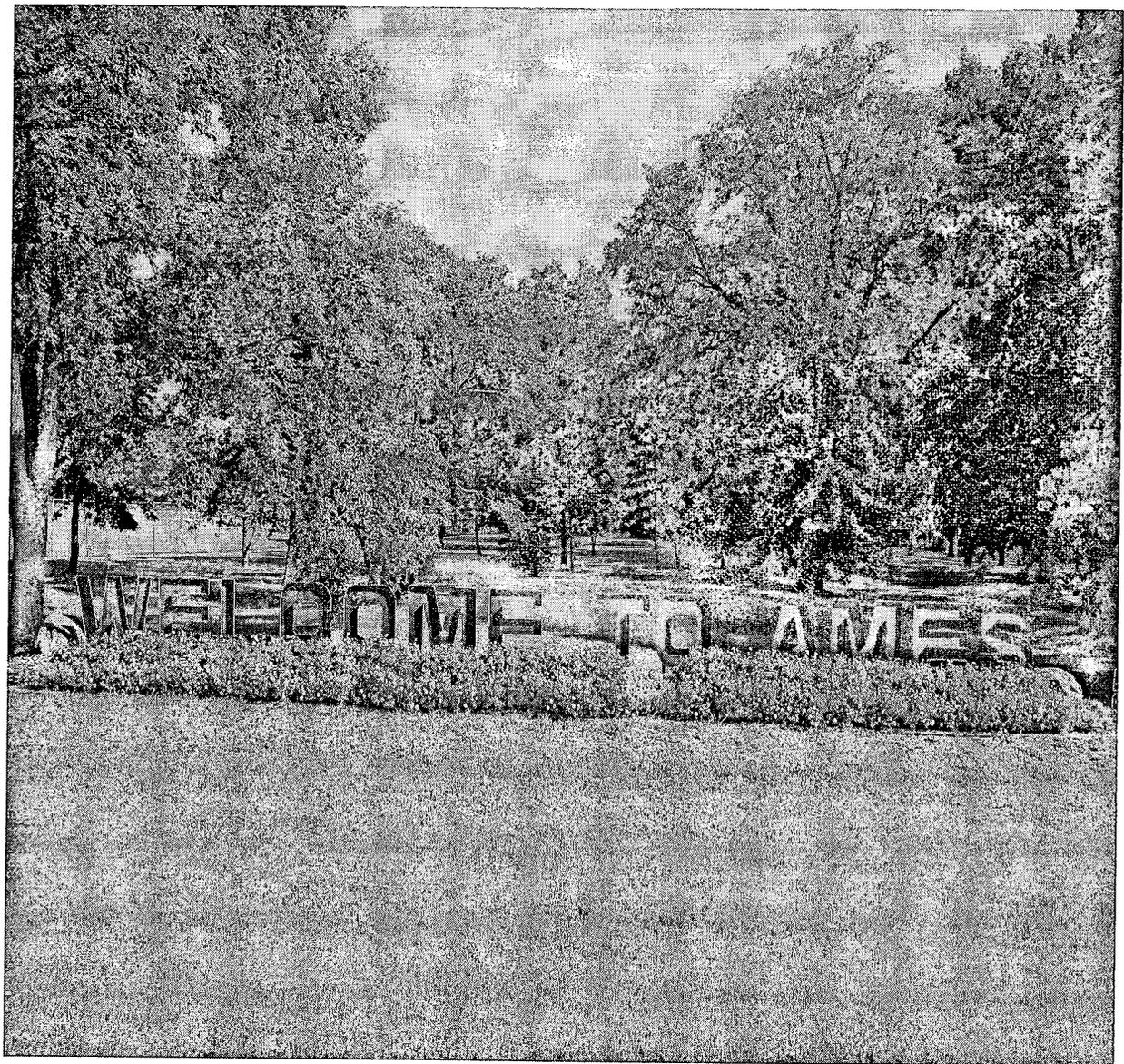
**CITY OF AMES, IOWA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011**

	Library Donations	Project Share	Police & Fire Donations	CDBG
<b>Revenues:</b>				
Taxes				
Intergovernmental	\$ 11,277		\$ 43,310	\$ 464,570
Charges for services	2,671			
Donations	61,663	\$ 21,207	250	
Investment earnings	11,059			3,825
Miscellaneous				3,012
<b>Total revenues</b>	<b>86,670</b>	<b>21,207</b>	<b>43,560</b>	<b>471,407</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Public safety			627	
Public works		20,719		
Health and social services				
Culture and recreation	98,317			
Community and economic development				592,773
General government				
Capital projects	138,057		43,311	
<b>Total expenditures</b>	<b>236,374</b>	<b>20,719</b>	<b>43,938</b>	<b>592,773</b>
Excess (deficiency) of revenues over (under) expenditures	(149,704)	488	(378)	(121,366)
<b>Other financing sources (uses):</b>				
Transfers in	6,929			
Transfers out				
<b>Total other financing sources (uses)</b>	<b>6,929</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(142,775)</b>	<b>488</b>	<b>(378)</b>	<b>(121,366)</b>
Fund balances at beginning of year	1,429,678	8,657	2,431	928,716
Fund balances at end of year	<u>\$ 1,286,903</u>	<u>\$ 9,145</u>	<u>\$ 2,053</u>	<u>\$ 807,350</u>

Animal Shelter Donations	Public Art Donations	Developers' Projects	Economic Development & Loans	FEMA	Total Nonmajor Special Revenue Funds
					\$ 1,075,448
				\$ 405,651	15,225,446
	\$ 163				26,638
\$ 11,106	1,387				136,513
1,360	11	\$ 376	\$ 1,154		57,396
					7,707
<u>12,466</u>	<u>1,561</u>	<u>376</u>	<u>1,154</u>	<u>405,651</u>	<u>16,529,148</u>
19,463					434,747
		32,280			3,950,796
	65				1,075,949
			33,447		367,183
					3,598,690
					125,065
				876,469	3,186,792
<u>19,463</u>	<u>65</u>	<u>32,280</u>	<u>33,447</u>	<u>876,469</u>	<u>12,739,222</u>
<u>(6,997)</u>	<u>1,496</u>	<u>(31,904)</u>	<u>(32,293)</u>	<u>(470,818)</u>	<u>3,789,926</u>
					367,923
					(5,211,076)
					(4,843,153)
(6,997)	1,496	(31,904)	(32,293)	(470,818)	(1,053,227)
<u>162,102</u>	<u>(126)</u>	<u>180,748</u>	<u>677,273</u>		<u>13,003,939</u>
<u>\$ 155,105</u>	<u>\$ 1,370</u>	<u>\$ 148,844</u>	<u>\$ 644,980</u>	<u>\$ (470,818)</u>	<u>\$ 11,950,712</u>

(concluded)



## **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, 2011**

<b>ASSETS</b>	<b>Storm Sewer Utility</b>	<b>Parking Lot</b>	<b>Resource Recovery</b>
<b>Current assets:</b>			
Cash and pooled cash investments	\$ 1,386,341	\$ 349,570	\$ 2,289,988
Accounts receivable, net	109,341	530	296,702
Accrued interest receivable	5,374	1,381	8,335
Intergovernmental receivables	597	42	441,316
Due from other funds	5,868		96,064
Inventories		17,616	
Prepaid items		1,207	60
<b>Total current assets</b>	<u>1,507,521</u>	<u>370,346</u>	<u>3,132,465</u>
<b>Noncurrent assets:</b>			
<b>Capital assets:</b>			
Land		910,547	531,517
Land improvements	526,378	647,228	196,611
Buildings			11,219,650
Equipment		56,130	6,240,728
Construction in progress			
Less accumulated depreciation	(156,505)	(558,865)	(10,565,538)
Capital assets, net	<u>369,873</u>	<u>1,055,040</u>	<u>7,622,968</u>
<b>Total noncurrent assets</b>	<u>369,873</u>	<u>1,055,040</u>	<u>7,622,968</u>
<b>Total assets</b>	<u>1,877,394</u>	<u>1,425,386</u>	<u>10,755,433</u>

	Ames/ISU Ice Arena	Homewood Golf Course	Total Nonmajor Enterprise Funds
\$ 3,080,679	\$ 604,815	\$ 95,248	\$ 7,806,641
30,465	15,345	537	452,920
12,685	2,426	404	30,605
1,183,527	665		1,626,147
6,870		750	109,552
294,672	4,065	2,913	319,266
			1,267
<u>4,608,898</u>	<u>627,316</u>	<u>99,852</u>	<u>10,346,398</u>
41,500		193,250	1,676,814
149,806	63,578	127,581	1,711,182
11,230,891	1,688,110	87,003	24,225,654
17,248,722	37,114		23,582,694
2,561,233			2,561,233
<u>(11,002,049)</u>	<u>(669,009)</u>	<u>(116,583)</u>	<u>(23,068,549)</u>
<u>20,230,103</u>	<u>1,119,793</u>	<u>291,251</u>	<u>30,689,028</u>
<u>20,230,103</u>	<u>1,119,793</u>	<u>291,251</u>	<u>30,689,028</u>
<u>24,839,001</u>	<u>1,747,109</u>	<u>391,103</u>	<u>41,035,426</u>

(continued)

**CITY OF AMES, IOWA**

**COMBINING STATEMENT OF NET ASSETS  
NONMAJOR ENTERPRISE FUNDS  
JUNE 30, 2011**

<b>LIABILITIES</b>	<b>Storm Sewer Utility</b>	<b>Parking Lot</b>	<b>Resource Recovery</b>
<b>Current liabilities:</b>			
Accounts payable	52,012	3,055	116,115
Retainage payable	2,535		591
Due to other governments	325	141	68,494
Compensation and payroll taxes	566	8,081	3,144
Employee benefits	509	1,306	3,695
Due to other funds	7,274	13,814	48,900
Loans payable			134,325
Unearned revenue		5,375	
Landfill postclosure costs			16,750
	<hr/>	<hr/>	<hr/>
Total current liabilities	63,221	31,772	392,014
<b>Noncurrent liabilities:</b>			
Employee benefits	7,896	18,379	88,685
Post-employment benefits	3,973	5,670	18,167
Loans payable			462,071
Landfill postclosure costs			280,753
	<hr/>	<hr/>	<hr/>
Total noncurrent liabilities	11,869	24,049	849,676
	<hr/>	<hr/>	<hr/>
Total liabilities	75,090	55,821	1,241,690
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	369,873	1,055,040	7,026,572
Unrestricted	1,432,431	314,525	2,487,171
	<hr/>	<hr/>	<hr/>
Total net assets	\$ 1,802,304	\$ 1,369,565	\$ 9,513,743
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Transit	Ames/ISU Ice Arena	Homewood Golf Course	Total Nonmajor Enterprise Funds
838,372	13,429	3,081	1,026,064
84,471			87,597
101,944	142	613	171,659
125,036	1,988	3,641	142,456
17,369	526	302	23,707
22,204	1,953	2,285	96,430
17,500			151,825
			5,375
			16,750
<u>1,206,896</u>	<u>18,038</u>	<u>9,922</u>	<u>1,721,863</u>
269,952	8,476	3,384	396,772
48,124	1,216	972	78,122
70,000			532,071
			280,753
<u>388,076</u>	<u>9,692</u>	<u>4,356</u>	<u>1,287,718</u>
<u>1,594,972</u>	<u>27,730</u>	<u>14,278</u>	<u>3,009,581</u>
20,142,603	1,119,793	291,251	30,005,132
3,101,426	599,586	85,574	8,020,713
<u>\$ 23,244,029</u>	<u>\$ 1,719,379</u>	<u>\$ 376,825</u>	<u>\$ 38,025,845</u>

(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, 2011**

	<b>Storm Sewer Utility</b>	<b>Parking Lot</b>	<b>Resource Recovery</b>
<b>Operating revenues:</b>			
Charges for goods and services	\$ 957,122	\$ 872,625	\$ 4,374,268
<b>Operating expenses:</b>			
Cost of goods and services	910,285	770,957	3,675,444
Administration	1,608	29,286	210,473
Depreciation	10,528	12,567	433,596
Total operating expenses	<u>922,421</u>	<u>812,810</u>	<u>4,319,513</u>
Operating income (loss)	<u>34,701</u>	<u>59,815</u>	<u>54,755</u>
<b>Nonoperating revenues (expenses):</b>			
Investment earnings	11,547	2,744	17,622
Interest expense			(19,375)
Federal, state, and other operating grants	597		
Costs reimbursed by contract participants			299,954
Gain on disposal of capital assets			
Total nonoperating revenues (expenses)	<u>12,144</u>	<u>2,744</u>	<u>298,201</u>
Income (loss) before contributions and transfers	46,845	62,559	352,956
<b>Capital contributions</b>			
Transfers in			<u>423,475</u>
Change in net assets	46,845	62,559	776,431
Total net assets at beginning of year	<u>1,755,459</u>	<u>1,307,006</u>	<u>8,737,312</u>
Total net assets at end of year	<u>\$ 1,802,304</u>	<u>\$ 1,369,565</u>	<u>\$ 9,513,743</u>

	Ames/ISU Ice Arena	Homewood Golf Course	Total Nonmajor Enterprise Funds
Transit			
\$ 5,588,406	\$ 472,015	\$ 220,388	\$ 12,484,824
7,011,751	468,318	224,520	13,061,275
1,539,831			1,781,198
1,510,554	61,698	8,061	2,037,004
<u>10,062,136</u>	<u>530,016</u>	<u>232,581</u>	<u>16,879,477</u>
(4,473,730)	(58,001)	(12,193)	(4,394,653)
27,400	5,162	818	65,293
			(19,375)
2,213,905			2,214,502
			299,954
15,469			15,469
<u>2,256,774</u>	<u>5,162</u>	<u>818</u>	<u>2,575,843</u>
(2,216,956)	(52,839)	(11,375)	(1,818,810)
5,506,978	20,000		5,526,978
1,306,309	20,000		1,749,784
4,596,331	(12,839)	(11,375)	5,457,952
<u>18,647,698</u>	<u>1,732,218</u>	<u>388,200</u>	<u>32,567,893</u>
\$ <u>23,244,029</u>	\$ <u>1,719,379</u>	\$ <u>376,825</u>	\$ <u>38,025,845</u>

**CITY OF AMES, IOWA**

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011**

	<b>Storm Sewer Utility</b>	<b>Parking Lot</b>	<b>Resource Recovery</b>
<b>Cash flows from operating activities:</b>			
Receipts from customers	\$ 947,804	\$ 895,281	\$ 4,448,828
Payments to suppliers	(507,347)	(135,134)	(2,137,297)
Payments to employees	(239,379)	(488,591)	(1,235,681)
Payments for interfund services used	(129,555)	(170,254)	(602,305)
<b>Net cash provided by (used in) operating activities</b>	<b>71,523</b>	<b>101,302</b>	<b>473,545</b>
<b>Cash flows from noncapital financing activities:</b>			
Operating grants	597		
Costs reimbursed by contract participants			299,954
Transfers in			423,475
<b>Net cash provided by noncapital financing activities</b>	<b>597</b>		<b>723,429</b>
<b>Cash flows from capital and related financing activities:</b>			
Interest paid and other fiscal charges			(19,375)
Proceeds from loan program			
Principal paid on loans			(130,409)
Purchases of capital assets			(79,693)
Proceeds from sale of capital assets			
Capital contributions			
<b>Net cash provided by (used in) capital financing activities</b>			<b>(229,477)</b>
<b>Cash flows from investing activities:</b>			
Interest on investments and pooled cash	9,711	2,137	12,774
<b>Net cash provided by investing activities</b>	<b>9,711</b>	<b>2,137</b>	<b>12,774</b>

	Transit	Ames/ISU Ice Arena	Homewood Golf Course	Total Nonmajor Enterprise Funds
\$	4,556,563	\$ 470,434	\$ 221,201	\$ 11,540,111
	(1,827,328)	(238,829)	(70,685)	(4,916,620)
	(5,446,216)	(195,880)	(128,142)	(7,733,889)
	<u>(365,950)</u>	<u>(31,423)</u>	<u>(25,781)</u>	<u>(1,325,268)</u>
	<u>(3,082,931)</u>	<u>4,302</u>	<u>(3,407)</u>	<u>(2,435,666)</u>
	2,213,905			2,214,502
				299,954
	<u>1,306,309</u>	<u>20,000</u>		<u>1,749,784</u>
	<u>3,520,214</u>	<u>20,000</u>		<u>4,264,240</u>
				(19,375)
	87,500			87,500
				(130,409)
	(9,812,970)			(9,892,663)
	23,169			23,169
	<u>9,503,117</u>	<u>20,000</u>		<u>9,523,117</u>
	<u>(199,184)</u>	<u>20,000</u>		<u>(408,661)</u>
	<u>23,326</u>	<u>4,298</u>	<u>687</u>	<u>52,933</u>
	<u>23,326</u>	<u>4,298</u>	<u>687</u>	<u>52,933</u>

(continued)

**CITY OF AMES, IOWA**

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011**

	Storm Sewer Utility	Parking Lot	Resource Recovery
Net change in cash and pooled cash investments	81,831	103,439	980,271
Cash and pooled cash investments at beginning of year	<u>1,304,510</u>	<u>246,131</u>	<u>1,309,717</u>
Cash and pooled cash investments at end of year	<u>\$ 1,386,341</u>	<u>\$ 349,570</u>	<u>\$ 2,289,988</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 34,701	\$ 59,815	\$ 54,755
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	10,528	12,567	433,596
Changes in:			
Accounts receivable, net	(6,083)	22,825	87,447
Intergovernmental receivables	(597)	291	8,065
Due from other funds	(2,638)		(20,952)
Inventories		588	
Prepaid items		(1,207)	1,371
Accounts payable	50,403	956	(117,881)
Due to other governments	(7,838)	141	59,711
Accrued expenses	(977)	2,697	(16,401)
Due to other funds	(5,976)	3,089	1,471
Unearned revenue		(460)	
Landfill postclosure costs			(17,637)
Net cash provided by (used in) operating activities	<u>\$ 71,523</u>	<u>\$ 101,302</u>	<u>\$ 473,545</u>

**SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND CAPITAL FINANCING ACTIVITIES:**

Unrealized decreases in the fair value of investments	<u>\$ (3,385)</u>	<u>\$ (719)</u>	<u>\$ (4,180)</u>
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Transit	Ames/ISU Ice Arena	Homewood Golf Course	Total Nonmajor Enterprise Funds
261,425	48,600	(2,720)	1,472,846
<u>2,819,254</u>	<u>556,215</u>	<u>97,968</u>	<u>6,333,795</u>
<u>\$ 3,080,679</u>	<u>\$ 604,815</u>	<u>\$ 95,248</u>	<u>\$ 7,806,641</u>

\$ (4,473,730) \$ (58,001) \$ (12,193) \$ (4,394,653)

1,510,554	61,698	8,061	2,037,004
3,838	(7,764)	1,563	101,826
(1,068,224)	6,183		(1,054,282)
32,543		(750)	8,203
(27,834)	(241)	132	(27,355)
1,112			1,276
784,553	683	742	719,456
98,839	65	(102)	150,816
48,810	141	(191)	34,079
6,608	1,538	(669)	6,061
			(460)
			<u>(17,637)</u>
<u>\$ (3,082,931)</u>	<u>\$ 4,302</u>	<u>\$ (3,407)</u>	<u>\$ (2,435,666)</u>

\$ (7,752) \$ (1,472) \$ (235) \$ (17,743)

(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, 2011**

<b>ASSETS</b>	<b>Fleet Services</b>	<b>Information Services</b>	<b>Risk Insurance</b>	<b>Health Insurance</b>	<b>Total Internal Service Funds</b>
<b>Current assets:</b>					
Cash and pooled cash investments	\$ 7,053,050	\$ 2,416,396	\$ 949,586	\$ 3,468,987	\$ 13,888,019
Accounts receivable, net	44,331		1,172	52,594	98,097
Accrued interest receivable	27,362	9,472	3,640	12,760	53,234
Intergovernmental receivables	2,661	1,916			4,577
Due from other funds	245,869	114,218			360,087
Inventories	67,489				67,489
Prepaid items	10,773	70,880		2,098	83,751
Total current assets	<u>7,451,535</u>	<u>2,612,882</u>	<u>954,398</u>	<u>3,536,439</u>	<u>14,555,254</u>
<b>Noncurrent assets:</b>					
<b>Capital assets:</b>					
Land improvements		192,433			192,433
Buildings	551,493				551,493
Equipment	12,386,776	1,742,701	13,670		14,143,147
Less accumulated depreciation	<u>(6,815,056)</u>	<u>(1,520,485)</u>	<u>(13,670)</u>		<u>(8,349,211)</u>
Capital assets, net	<u>6,123,213</u>	<u>414,649</u>			<u>6,537,862</u>
Total noncurrent assets	<u>6,123,213</u>	<u>414,649</u>			<u>6,537,862</u>
<b>Total assets</b>	<u><b>13,574,748</b></u>	<u><b>3,027,531</b></u>	<u><b>954,398</b></u>	<u><b>3,536,439</b></u>	<u><b>21,093,116</b></u>
<b>LIABILITIES</b>					
<b>Current liabilities:</b>					
Accounts payable	19,052	20,760	47,415	627,230	714,457
Due to other governments	33,566				33,566
Compensation and payroll taxes	12,944	524		520	13,988
Employee benefits	2,510	3,237	159	292	6,198
Due to other funds	13,268	2,224	1,185	5,876	22,553
Unearned revenue		49,000			49,000
Claims payable			<u>239,512</u>	<u>695,439</u>	<u>934,951</u>
Total current liabilities	<u>81,340</u>	<u>75,745</u>	<u>288,271</u>	<u>1,329,357</u>	<u>1,774,713</u>
<b>Noncurrent liabilities:</b>					
Employee benefits	60,383	65,502	2,399	4,302	132,586
Post-employment benefits	<u>13,553</u>	<u>11,601</u>	<u>514</u>	<u>1,267</u>	<u>26,935</u>
Total noncurrent liabilities	<u>73,936</u>	<u>77,103</u>	<u>2,913</u>	<u>5,569</u>	<u>159,521</u>
<b>Total liabilities</b>	<u><b>155,276</b></u>	<u><b>152,848</b></u>	<u><b>291,184</b></u>	<u><b>1,334,926</b></u>	<u><b>1,934,234</b></u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	6,123,213	414,649			6,537,862
Unrestricted	<u>7,296,259</u>	<u>2,460,034</u>	<u>663,214</u>	<u>2,201,513</u>	<u>12,621,020</u>
<b>Total net assets</b>	<u><b>\$ 13,419,472</b></u>	<u><b>\$ 2,874,683</b></u>	<u><b>\$ 663,214</b></u>	<u><b>\$ 2,201,513</b></u>	<u><b>\$ 19,158,882</b></u>

**CITY OF AMES, IOWA**

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011**

	Fleet Services	Information Services	Risk Insurance	Health Insurance	Total Internal Service Funds
Operating revenues:					
Charges for goods and services	\$ 3,308,868	\$ 2,124,082	\$ 2,019,763	\$ 6,077,056	\$ 13,529,769
Operating expenses:					
Cost of goods and services	2,322,485	1,879,078	1,711,874	5,859,976	11,773,413
Depreciation	820,003	158,505			978,508
Total operating expenses	3,142,488	2,037,583	1,711,874	5,859,976	12,751,921
Operating income	166,380	86,499	307,889	217,080	777,848
Nonoperating revenues (expenses):					
Investment earnings	60,791	20,658	7,413	28,366	117,228
Loss on disposal of capital assets	(5,111)				(5,111)
Total nonoperating revenues	55,680	20,658	7,413	28,366	112,117
Income before contributions and transfers	222,060	107,157	315,302	245,446	889,965
Capital contributions	499,859				499,859
Transfers out	(369,457)				(369,457)
Change in net assets	352,462	107,157	315,302	245,446	1,020,367
Total net assets at beginning of year	13,067,010	2,767,526	347,912	1,956,067	18,138,515
Total net assets at end of year	\$ 13,419,472	\$ 2,874,683	\$ 663,214	\$ 2,201,513	\$ 19,158,882

**CITY OF AMES, IOWA**

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011**

	Fleet Services	Information Services	Risk Insurance	Health Insurance	Total Internal Service Funds
<b>Cash flows from operating activities:</b>					
Receipts from customers	\$ 3,302,989	\$ 2,103,752	\$ 2,031,479	\$ 6,162,287	\$ 13,600,507
Payments to suppliers	(1,290,447)	(725,458)	(1,023,351)	(5,488,823)	(8,528,079)
Payments to employees	(730,685)	(822,827)	(72,943)	(144,646)	(1,771,101)
Payments for interfund services used	(271,825)	(346,250)	(6,005)	(30,271)	(654,351)
<b>Net cash provided by operating activities</b>	<u>1,010,032</u>	<u>209,217</u>	<u>929,180</u>	<u>498,547</u>	<u>2,646,976</u>
<b>Cash flows from noncapital financing activities:</b>					
Transfers out	(369,457)				(369,457)
<b>Net cash used in noncapital financing activities</b>	<u>(369,457)</u>				<u>(369,457)</u>
<b>Cash flows from capital and related financing activities:</b>					
Purchases of capital assets	(1,045,753)	(185,962)			(1,231,715)
Proceeds from sale of capital assets	313,556				313,556
<b>Net cash used in capital and related financing activities</b>	<u>(732,197)</u>	<u>(185,962)</u>			<u>(918,159)</u>
<b>Cash flows from investing activities:</b>					
Interest on investments and pooled cash	52,751	17,290	5,406	23,512	98,959
<b>Net cash provided by investing activities</b>	<u>52,751</u>	<u>17,290</u>	<u>5,406</u>	<u>23,512</u>	<u>98,959</u>
<b>Net change in cash and pooled cash investments</b>	(38,871)	40,545	934,586	522,059	1,458,319
<b>Cash and pooled cash investments at beginning of year</b>	<u>7,091,921</u>	<u>2,375,851</u>	<u>15,000</u>	<u>2,946,928</u>	<u>12,429,700</u>
<b>Cash and pooled cash investments at end of year</b>	<u>\$ 7,053,050</u>	<u>\$ 2,416,396</u>	<u>\$ 949,586</u>	<u>\$ 3,468,987</u>	<u>\$ 13,888,019</u>

(continued)

**CITY OF AMES, IOWA**

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011**

	Fleet Services	Information Services	Risk Insurance	Health Insurance	Total Internal Service Funds
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	\$ 166,380	\$ 86,499	\$ 307,889	\$ 217,080	\$ 777,848
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	820,003	158,505			978,508
Changes in:					
Accounts receivable, net	(12,867)		11,716	(44,854)	(46,005)
Intergovernmental receivables	(507)	(1,439)			(1,946)
Due from other funds	7,495	(67,891)		130,085	69,689
Inventories	5,657				5,657
Prepaid items	(2,602)	(21,502)	911,492	(276)	887,112
Accounts payable	(5,882)	(1,380)	8,077	5,328	6,143
Due to other governments	16,421				16,421
Accrued expenses	16,966	8,275	620	967	26,828
Due to other funds	(1,032)	(850)	(129,035)	(3,896)	(134,813)
Claims payable			(181,579)	194,113	12,534
Unearned revenue		49,000			49,000
Net cash provided by operating activities	<u>\$ 1,010,032</u>	<u>\$ 209,217</u>	<u>\$ 929,180</u>	<u>\$ 498,547</u>	<u>\$ 2,646,976</u>

**SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND CAPITAL FINANCING ACTIVITIES:**

Unrealized decreases in the fair value of investments	<u>\$ (18,538)</u>	<u>\$ (6,032)</u>	<u>\$ (1,698)</u>	<u>\$ (8,152)</u>	<u>\$ (34,420)</u>
Noncash capital asset contributions	<u>\$ 499,859</u>				<u>\$ 499,859</u>
Capital asset trade-ins	<u>\$ 4,000</u>				<u>\$ 4,000</u>

(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, 2011**

	<u>Agency Funds</u>		
	Payroll Clearing	Flex Benefits	Total
<b>ASSETS</b>			
Cash and pooled cash investments	\$ 248,932	\$ 20,819	\$ 269,751
Accounts receivable	<u>243</u>		<u>243</u>
<b>TOTAL ASSETS</b>	<u>\$ 249,175</u>	<u>\$ 20,819</u>	<u>\$ 269,994</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 7,597	\$ 20,819	\$ 28,416
Due to other governments	<u>241,578</u>		<u>241,578</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 249,175</u>	<u>\$ 20,819</u>	<u>\$ 269,994</u>

**CITY OF AMES, IOWA**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011**

**PAYROLL CLEARING FUND**

<b>ASSETS</b>	<b>Balance July 1, 2010</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2011</b>
Cash and pooled cash investments	\$ 230,951	\$ 22,905,391	\$ 22,887,410	\$ 248,932
Accounts receivable	<u>93</u>	<u>1,426</u>	<u>1,276</u>	<u>243</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 231,044</u></b>	<b><u>\$ 22,906,817</u></b>	<b><u>\$ 22,888,686</u></b>	<b><u>\$ 249,175</u></b>
 <b>LIABILITIES</b>				
Accounts payable	\$ 7,765	\$ 9,379,174	\$ 9,379,342	\$ 7,597
Due to other governments	<u>223,279</u>	<u>13,400,893</u>	<u>13,382,594</u>	<u>241,578</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 231,044</u></b>	<b><u>\$ 22,780,067</u></b>	<b><u>\$ 22,761,936</u></b>	<b><u>\$ 249,175</u></b>

**FLEX BENEFITS FUND**

<b>ASSETS</b>	<b>Balance July 1, 2010</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2011</b>
Cash and pooled cash investments	\$ <u>18,905</u>	\$ <u>1,977,957</u>	\$ <u>1,976,043</u>	\$ <u>20,819</u>
 <b>LIABILITIES</b>				
Accounts payable	\$ <u>18,905</u>	\$ <u>824,587</u>	\$ <u>822,673</u>	\$ <u>20,819</u>

(continued)

**CITY OF AMES, IOWA**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES-AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**TOTALS**

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
<b>ASSETS</b>				
Cash and pooled cash investments	\$ 249,856	\$ 24,883,348	\$ 24,863,453	\$ 269,751
Accounts receivable	<u>93</u>	<u>1,426</u>	<u>1,276</u>	<u>243</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 249,949</u></b>	<b><u>\$ 24,884,774</u></b>	<b><u>\$ 24,864,729</u></b>	<b><u>\$ 269,994</u></b>
<b>LIABILITIES</b>				
Accounts payable	\$ 26,670	\$ 10,203,761	\$ 10,202,015	\$ 28,416
Due to other governments	<u>223,279</u>	<u>13,400,893</u>	<u>13,382,594</u>	<u>241,578</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 249,949</u></b>	<b><u>\$ 23,604,654</u></b>	<b><u>\$ 23,584,609</u></b>	<b><u>\$ 269,994</u></b>

(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.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	129
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the city's most significant revenue source, property tax.	135
<b>Debt Capacity</b> 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.	139
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	144
<b>Operating Information</b> 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.	146

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 Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 59,164,746	\$ 67,107,350	\$ 72,431,317	\$ 77,768,867	\$ 87,975,194	\$ 90,093,663	\$ 95,550,370	\$ 101,940,741	\$ 115,002,627	\$ 110,348,921
Restricted	7,147,552	5,907,080	5,392,715	6,091,644	5,767,706	6,680,663	12,523,636	9,661,837	14,864,552	15,338,746
Unrestricted	13,844,366	14,113,598	15,729,109	15,250,250	18,116,572	22,301,202	19,525,162	20,852,226	10,530,303	15,638,160
<b>Total governmental activities net assets</b>	<b>\$ 80,156,664</b>	<b>\$ 87,128,028</b>	<b>\$ 93,553,141</b>	<b>\$ 99,110,761</b>	<b>\$ 111,859,472</b>	<b>\$ 119,075,548</b>	<b>\$ 127,599,168</b>	<b>\$ 132,474,804</b>	<b>\$ 140,397,482</b>	<b>\$ 141,325,827</b>
<b>Business-type activities</b>										
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	\$ 233,486,481	\$ 239,942,242	\$ 243,495,813
Restricted	6,915,337	3,227,265	2,021,178	1,903,958	1,840,838	1,695,740	1,582,837	1,559,234	2,717,216	2,708,889
Unrestricted	95,915,917	103,208,153	113,464,660	114,424,423	121,916,198	136,557,327	147,185,413	143,372,402	169,009,627	218,617,981
<b>Total business-type activities net assets</b>	<b>\$ 265,707,073</b>	<b>\$ 277,019,444</b>	<b>\$ 293,088,029</b>	<b>\$ 310,790,304</b>	<b>\$ 333,631,067</b>	<b>\$ 362,693,471</b>	<b>\$ 375,233,030</b>	<b>\$ 378,418,117</b>	<b>\$ 411,669,085</b>	<b>\$ 464,822,683</b>
<b>Primary government</b>										
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	\$ 335,427,222	\$ 354,944,869	\$ 353,844,734
Restricted	14,062,889	9,134,345	7,413,893	7,995,602	7,608,544	8,376,403	14,106,473	11,241,071	17,581,768	18,047,635
Unrestricted	109,760,283	117,321,751	129,193,789	129,674,673	140,032,770	158,858,529	166,710,575	164,224,628	179,539,930	234,256,141
<b>Total primary government assets</b>	<b>\$ 345,863,737</b>	<b>\$ 364,147,472</b>	<b>\$ 386,641,170</b>	<b>\$ 409,901,085</b>	<b>\$ 445,490,539</b>	<b>\$ 481,769,019</b>	<b>\$ 502,832,198</b>	<b>\$ 510,892,921</b>	<b>\$ 552,066,567</b>	<b>\$ 606,148,510</b>

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 Ten Fiscal Years**  
 (accrual basis of accounting)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses</b>										
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	\$ 13,011,464	\$ 13,133,701	\$ 14,281,351
Public works	8,187,203	8,988,386	9,348,746	9,763,569	9,763,569	10,185,328	11,675,389	13,090,595	13,780,841	16,339,571
Health & social services	959,605	917,209	909,454	909,454	951,645	982,108	1,034,327	1,159,050	1,151,948	1,250,292
Culture & recreation	5,158,304	5,288,507	5,435,218	5,687,626	6,147,047	6,147,047	6,591,544	6,666,942	7,043,477	7,703,519
Community & economic development	2,989,990	2,612,198	2,447,892	2,743,874	3,404,127	3,404,127	3,219,621	3,850,712	3,042,375	4,262,898
General government	4,088,047	3,048,760	2,863,720	2,485,193	2,208,713	2,281,674	2,417,083	2,518,339	2,492,116	2,629,067
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	1,548,285	1,532,782	1,537,842	1,571,257	1,471,758	1,469,661
Total governmental activities expense	<u>31,788,291</u>	<u>32,504,604</u>	<u>32,780,599</u>	<u>34,861,813</u>	<u>35,202,341</u>	<u>36,587,124</u>	<u>39,578,439</u>	<u>41,870,359</u>	<u>42,116,116</u>	<u>47,936,159</u>
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	153,741,531	146,809,782	146,292,855
Electric Utility	27,725,323	30,586,148	32,052,383	35,167,126	36,388,459	40,398,204	43,727,636	39,716,298	41,642,821	48,241,832
Sewer Utility	5,042,511	4,969,771	5,103,253	5,387,364	5,326,905	6,069,860	5,979,526	6,485,535	6,923,605	6,719,787
Water Utility	4,588,786	4,765,393	5,097,617	5,088,878	5,468,343	5,811,849	6,054,928	6,514,489	6,827,194	7,099,289
Storm Sewer Utility	376,363	422,673	385,303	375,498	473,286	474,425	458,119	1,080,705	782,489	917,771
Parking Lot	621,816	626,843	799,523	808,289	777,261	828,138	856,518	766,381	819,988	805,253
Resource Recovery	2,877,425	3,157,863	3,215,617	3,353,518	3,424,317	3,887,199	3,636,402	3,914,713	3,855,039	4,310,188
Transit	4,882,522	5,400,212	5,885,535	5,983,230	6,280,501	6,911,902	7,597,860	7,685,829	8,682,833	10,010,387
Ames/ISU Ice Arena	482,729	482,014	471,392	460,759	469,884	432,532	480,418	511,334	565,303	526,660
Homewood Golf Course	205,312	222,710	205,478	202,407	226,069	224,749	217,964	218,708	218,021	230,698
Total business-type activities expense	<u>198,010,033</u>	<u>145,817,295</u>	<u>150,645,491</u>	<u>168,047,727</u>	<u>183,663,336</u>	<u>200,858,284</u>	<u>214,591,266</u>	<u>220,635,533</u>	<u>217,127,075</u>	<u>225,154,730</u>
Total primary government expenses	<u>\$ 169,798,324</u>	<u>\$ 178,321,899</u>	<u>\$ 183,426,090</u>	<u>\$ 202,909,540</u>	<u>\$ 218,865,677</u>	<u>\$ 237,425,408</u>	<u>\$ 254,169,705</u>	<u>\$ 262,505,892</u>	<u>\$ 259,243,191</u>	<u>\$ 273,090,889</u>
<b>Program Revenues</b>										
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	\$ 2,387,020	\$ 2,371,581	\$ 2,571,060
Public works	188,895	186,895	132,956	181,137	230,717	198,745	114,997	976,930	1,443,489	217,984
Culture and recreation	1,065,611	1,065,611	1,122,537	1,042,181	1,027,906	1,020,870	1,066,913	1,059,095	1,326,197	1,490,008
Community enrichment	1,160,147	1,513,615	1,480,807	1,131,802	717,309	816,844	837,787	1,367,765	1,308,062	1,404,478
General government	1,335,520	51,435	17,707	49,490	41,488	217,915	197,556	73,674	34,005	24,163
Other activities	605,165	2,277,904	2,568,666	2,150,390	2,745,231	2,995,245	3,545,354	2,437,772	2,524,027	2,758,176
Operating grants & contributions	1,601,742	5,125,235	3,340,218	4,672,565	4,847,202	3,231,618	6,119,361	2,901,619	6,256,045	4,742,929
Capital grants & contributions	6,546,355									
Total governmental activities program revenues	<u>\$ 12,966,057</u>	<u>\$ 12,199,470</u>	<u>\$ 10,812,252</u>	<u>\$ 11,460,655</u>	<u>\$ 11,766,491</u>	<u>\$ 10,282,753</u>	<u>\$ 14,238,855</u>	<u>\$ 11,203,875</u>	<u>\$ 15,263,406</u>	<u>\$ 13,208,778</u>

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Business-type activities:</b>										
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	156,095,243	156,880,212	160,115,058
Electric Utility	31,761,537	32,506,192	34,729,308	36,677,050	42,256,054	46,307,158	47,973,171	50,432,375	50,113,108	57,545,144
Sewer Utility	4,229,249	4,244,668	4,276,063	4,190,238	4,607,890	4,760,282	4,811,331	5,126,681	5,171,859	5,402,162
Water Utility	5,936,702	6,139,049	6,123,857	5,885,844	6,260,700	6,394,051	6,474,046	6,742,803	7,516,283	7,650,007
Storm Sewer Utility	395,207	400,162	415,082	433,885	647,138	676,692	828,644	878,597	984,077	957,122
Parking Lot	712,771	716,025	835,781	715,634	776,341	685,500	860,255	792,023	762,746	872,625
Resource Recovery	2,674,966	3,047,135	3,124,654	3,925,448	4,191,902	4,072,777	3,813,799	3,444,001	3,676,954	4,374,268
Transit	380,498	454,414	398,281	379,783	373,698	389,163	407,715	444,671	433,628	472,015
Ames/ISU Ice Arena	212,069	196,159	208,336	212,116	198,124	188,124	215,923	234,701	246,357	220,388
Homewood Golf Course	1,704,841	1,763,879	1,771,872	1,252,304	1,665,682	2,721,873	2,681,074	2,681,074	2,922,399	2,567,137
Operating grants & contributions	925,080	3,297,323	2,332,603	3,040,686	4,987,908	1,724,159	3,290,701	1,345,340	5,819,635	5,541,433
Capital grants & contributions	146,852,601	154,840,583	161,986,046	181,289,452	198,656,966	215,848,288	228,170,712	232,725,310	239,153,787	251,305,765
Total business-type activities program revenues	\$ 159,818,658	\$ 167,040,053	\$ 172,798,298	\$ 192,730,107	\$ 210,425,457	\$ 226,131,041	\$ 242,409,567	\$ 243,929,185	\$ 254,417,193	\$ 264,514,543
Total primary governmental program revenues	\$ 18,822,234	\$ (20,305,134)	\$ (21,968,347)	\$ (23,401,158)	\$ (23,435,850)	\$ (26,284,371)	\$ (25,339,584)	\$ (30,666,484)	\$ (26,852,710)	\$ (34,727,381)
<b>Net (Expense)/Revenue</b>	\$ 8,842,568	\$ 9,023,288	\$ 11,340,555	\$ 13,221,725	\$ 14,995,630	\$ 14,990,004	\$ 13,579,446	\$ 12,089,777	\$ 22,026,712	\$ 26,151,035
Governmental activities	\$ (9,979,666)	\$ (11,281,846)	\$ (10,627,792)	\$ (10,179,433)	\$ (8,440,220)	\$ (11,294,367)	\$ (11,760,138)	\$ (18,576,707)	\$ (4,825,998)	\$ (8,576,346)
Business-type activities	\$ 14,247,692	\$ 16,122,084	\$ 17,062,313	\$ 17,728,215	\$ 18,475,771	\$ 19,313,838	\$ 20,147,655	\$ 21,436,807	\$ 22,215,888	\$ 22,821,388
Taxes	5,232,195	5,598,362	6,003,674	6,075,491	6,448,355	7,281,418	6,997,159	8,066,835	7,096,935	7,534,494
Property taxes	4,105,886	4,095,978	4,255,230	4,211,923	4,243,809	4,244,752	4,346,879	4,204,593	4,421,774	5,013,273
Sales taxes	691,747	668,704	48,413	31,045	14,945	15,573	20,676	15,842	15,842	15,990
Road use taxes	963,586	747,546	489,786	828,277	1,404,140	2,074,008	2,058,452	1,508,776	673,003	499,004
Investment earnings	167,478	320,785	225,888	83,144	35,964	231,849	292,383	307,267	351,946	(228,423)
Transfers	84,738	(274,961)	308,156	703	-	-	-	-	-	-
Other	25,493,322	27,276,498	28,393,460	28,958,798	30,622,984	33,161,438	33,863,204	35,542,120	34,775,388	36,655,726
Total governmental activities	1,833,523	2,606,764	5,200,766	4,363,765	7,881,097	14,184,748	(750,318)	(8,598,734)	11,575,051	17,372,875
Business-type activities:	(167,478)	(320,785)	(225,888)	(83,144)	(35,964)	(231,849)	(292,383)	(307,267)	(351,946)	228,423
Investment earnings	(131,859)	3,104	(248,848)	199,929	-	119,501	2,814	1,311	1,151	18,421
Transfers	1,534,186	2,289,083	4,728,030	4,480,550	7,845,133	14,072,400	(1,039,887)	(8,904,690)	11,224,256	27,002,563
Special item-gain on discontinued operations	27,027,508	29,565,581	33,121,490	33,439,348	38,468,117	47,233,838	32,823,317	26,637,430	45,999,644	62,658,289
Other										
Total business-type activities program	\$ 6,671,088	\$ 6,971,364	\$ 6,425,113	\$ 5,557,640	\$ 7,187,134	\$ 6,877,067	\$ 8,523,620	\$ 4,875,636	\$ 7,922,678	\$ 928,345
Governmental activities	10,376,754	11,312,371	16,068,585	17,702,275	22,840,763	29,062,404	12,539,559	3,165,087	33,250,968	53,153,598
Business-type activities	17,047,842	18,283,735	22,493,698	23,259,915	30,027,897	35,939,471	21,063,179	8,060,723	41,173,646	54,081,943
Total primary governmental	\$ 17,047,842	\$ 18,283,735	\$ 22,493,698	\$ 23,259,915	\$ 30,027,897	\$ 35,939,471	\$ 21,063,179	\$ 8,060,723	\$ 41,173,646	\$ 54,081,943

**Change in Net Assets**  
Governmental activities  
Business-type activities  
Total primary governmental

**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 Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund	\$ 297,331	\$ 134,833	\$ 119,344	\$ 189,955	\$ 173,039	\$ 256,946	\$ 276,068	\$ 190,599		
Reserved			4,987,655	5,417,003	5,646,663	6,289,199	6,377,565	6,933,392		
Unreserved	3,856,268	4,595,140							\$ 68,171	\$ 97,918
Nonspendable									74,962	124,097
Assigned									7,248,755	7,751,289
Unassigned										
Total General Fund	\$ 4,153,599	\$ 4,729,973	\$ 5,106,999	\$ 5,606,958	\$ 5,819,702	\$ 6,546,145	\$ 6,653,633	\$ 7,123,991	\$ 7,391,888	\$ 7,973,304
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	\$ 11,630,104		
Unreserved, reported in:										
Other governmental funds	633,570					2,110,682				
Capital projects fund						11,867,770	12,239,249	10,376,299		
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	10,376,299		
Nonspendable									\$ 2,063,375	\$ 1,999,501
Restricted									17,214,109	16,940,269
Committed									6,239,090	5,577,769
Assigned									678,764	1,259,956
Unassigned										(470,818)
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	\$ 22,006,403	\$ 26,195,338	\$ 25,306,677

Note: The city implemented GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, in fiscal year 2010.

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues</b>										
Taxes	\$ 14,247,692	\$ 16,122,084	\$ 17,062,313	\$ 17,728,215	\$ 18,475,771	\$ 19,313,838	\$ 20,147,655	\$ 21,436,807	\$ 22,215,888	\$ 22,821,388
Special assessments	310,611	327,594	309,133	253,868	321,523	139,570	117,218	136,817	301,709	238,106
Licenses and permits	861,827	928,479	1,123,645	1,162,071	973,003	983,238	1,083,017	1,071,936	1,068,920	1,138,714
Intergovernmental	17,451,315	16,668,700	12,723,046	13,886,584	14,283,772	16,009,502	15,257,235	15,958,729	18,373,333	18,942,607
Charges for services	2,579,068	2,911,671	2,802,740	2,861,229	2,913,616	3,207,138	3,396,848	3,451,677	3,643,428	3,969,212
Fines and forfeits	169,299	147,339	149,005	165,243	180,453	191,626	186,848	214,672	180,059	196,748
Donations	190,495	313,106	868,637	613,644	240,719	218,033	3,188,519	723,430	271,399	228,606
Investment earnings	1,139,022	997,741	667,644	884,551	1,360,294	1,725,443	1,824,426	1,345,607	664,464	635,176
Miscellaneous	570,384	383,966	425,741	240,037	186,167	202,994	176,898	152,213	141,482	248,053
<b>Total revenues</b>	<b>37,519,713</b>	<b>38,800,680</b>	<b>36,131,904</b>	<b>37,795,442</b>	<b>38,935,318</b>	<b>41,991,382</b>	<b>45,378,664</b>	<b>44,491,888</b>	<b>46,860,682</b>	<b>48,418,610</b>
<b>Expenditures</b>										
Public safety	9,932,025	10,073,803	10,147,229	10,803,854	11,669,410	11,896,964	12,927,372	12,917,525	13,250,208	14,252,764
Public works		3,892,858	4,390,191	4,418,888	4,504,535	4,756,831	5,117,634	5,499,791	5,980,354	5,463,593
Health and social services		998,521	918,839	909,947	953,620	982,063	1,033,776	1,159,726	1,156,893	1,252,377
Culture and recreation		5,270,329	5,191,331	5,254,306	5,487,868	5,900,650	6,160,922	6,327,050	6,685,162	6,869,276
Community and economic development		2,961,538	2,600,483	2,437,266	2,748,939	3,404,221	3,217,968	3,851,231	3,053,279	4,266,580
General government	3,173,219	1,962,223	2,049,786	1,960,966	2,168,130	2,145,983	2,207,062	2,293,741	2,286,774	2,398,630
Capital projects	20,131,685	12,003,536	9,561,512	10,184,911	6,602,090	6,265,482	11,463,042	15,349,040	13,676,401	12,643,534
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	6,109,953	6,483,396	5,741,838
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	1,681,184	1,595,367	1,595,755
Debt issuance costs	12,348	30,679								
<b>Total expenditures</b>	<b>50,949,081</b>	<b>43,906,507</b>	<b>41,975,388</b>	<b>42,892,309</b>	<b>42,999,278</b>	<b>42,649,723</b>	<b>49,378,966</b>	<b>55,189,241</b>	<b>54,167,834</b>	<b>54,484,347</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(13,429,368)</b>	<b>(5,105,827)</b>	<b>(5,843,484)</b>	<b>(5,096,867)</b>	<b>(4,063,960)</b>	<b>(658,341)</b>	<b>(4,000,302)</b>	<b>(10,697,353)</b>	<b>(7,307,152)</b>	<b>(6,065,737)</b>

	Fiscal Year										
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	
<b>Other Financing Sources (Uses)</b>											
Issuance of bonds	\$ 14,865,000	\$ 5,885,000	\$ 6,555,000	\$ 6,030,000	\$ 5,495,000	\$ 5,285,000	\$ 9,059,781	\$ 5,825,000	\$ 11,165,000	\$ 6,690,000	
Issuance of refunding bonds	2,692,520	3,212,820						6,995,000		5,980,000	
Premiums on debt issued	24,247	117,670	42,916	60,193	33,665	73,086	69,583	85,108	247,038	197,459	
Premiums on refunding debt issued	(2,640,000)	(3,170,822)						210,985			
Payments of refunded bonds	(251,840)	(743,588)			(162,957)			(7,150,000)		(7,250,000)	
Capital transfers out	5,565,732	5,906,633	6,699,116	6,080,627	6,514,877	7,076,994	8,384,379	7,413,364	8,546,195	7,625,145	
Transfers in	(5,230,254)	(5,568,666)	(6,549,870)	(5,970,723)	(6,478,217)	(6,814,625)	(8,101,641)	(7,107,780)	(8,194,249)	(7,484,112)	
Transfers out			6,747,162	6,200,097	5,402,368	5,620,455	9,412,102	6,271,677	11,763,984	5,758,492	
<b>Total other financing sources (uses)</b>	<b>15,025,405</b>	<b>5,639,047</b>	<b>6,747,162</b>	<b>6,200,097</b>	<b>5,402,368</b>	<b>5,620,455</b>	<b>9,412,102</b>	<b>6,271,677</b>	<b>11,763,984</b>	<b>5,758,492</b>	
<b>Net change in fund balances</b>	<b>\$ 1,596,037</b>	<b>\$ 533,220</b>	<b>\$ 903,678</b>	<b>\$ 1,103,230</b>	<b>\$ 1,338,408</b>	<b>\$ 4,962,114</b>	<b>\$ 5,411,800</b>	<b>\$ (4,425,676)</b>	<b>\$ 4,456,832</b>	<b>\$ (307,245)</b>	
<b>Debt service as a percentage of noncapital expenditures</b>	<b>19.0%</b>	<b>21.4%</b>	<b>23.4%</b>	<b>22.2%</b>	<b>26.5%</b>	<b>20.8%</b>	<b>19.8%</b>	<b>19.5%</b>	<b>19.6%</b>	<b>15.9%</b>	

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			Taxable Value		Taxable Value		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
	Residential Property	Commercial Property	Industrial Property	Utilities	M&E/Computers	Industrial	Industrial					
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	932,834,563	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
2009	1,005,587,549	815,275,464	107,483,480	16,390,291				2,941,902	1,941,794,882	11.06239	3,224,629,664	60.2
2010	1,081,452,054	825,225,818	110,467,400	16,557,530				2,927,086	2,030,775,716	10.85819	3,327,852,693	61.0
2011	1,145,943,933	834,382,923	132,671,800	16,025,529				2,849,302	2,126,174,883	10.84579	3,431,600,584	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)

Fiscal Year	City Direct Rates						Overlapping Rates (1)			Total Direct & Overlapping Rates
	General Rate (2)	Public Transit Rate	Employee Benefits Rate	Debt Service Rate	Direct Tax Rate (3)	Ames School District (4)	County Consolidated (5)	Area Vocational (6)		
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	
2009	5.79037	0.62329	0.49436	4.15437	11.06239	13.62557	6.52666	0.56386	31.77848	
2010	5.81420	0.62580	0.47270	3.94549	10.85819	13.58764	6.67330	0.56778	31.68691	
2011	6.14501	0.61862	0.51112	3.57104	10.84579	14.65339	6.57299	0.56008	32.63225	

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

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Barilla America Inc. (1)	\$ 41,260,000	1	1.94%	\$ 18,023,200	2	1.22%
North Grand Mall Partners LLC	24,402,600	2	1.15	25,500,000	1	1.72
Wal-Mart Stores, Inc Store 4256-00	22,468,000	3	1.06			
Cycloneball LLC	17,277,000	4	0.81			
Clinic Building Co., Inc.	15,981,000	5	0.75	16,231,000	3	1.10
Midwest Centers	13,720,000	6	0.65	11,058,000	4	0.75
SUSA Holding of Story County Inc	12,743,000	7	0.60	8,128,000	5	0.55
Campus Investors IS LLC	11,022,000	8	0.52			
Ball Plastics Container Corp	10,024,000	9	0.47			
Chelan Daybreak LLC	9,469,900	10	0.45			
Principal Life Insurance Company				8,018,000	6	0.54
Freemon, Richard D. Rest. Rev. Trust				7,540,000	7	0.51
IES Utilities Inc.				7,389,860	8	0.50
Mortensen I-Ltd. Partnership				7,030,000	9	0.47
FHS Ames 2 LP				7,000,000	10	0.47
Totals	<u>\$ 178,367,500</u>		<u>8.40%</u>	<u>\$ 115,918,060</u>		<u>7.83%</u>

Source: Story County Auditor

Notes: (1) Barilla's increased valuation reflects the expiration of their property tax abatement.

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	Amount	Percentage of Levy	Amount	Percentage of Levy
2002	\$ 13,916,170	102.17%	\$ 14,218,041	102.17%	\$ 12,054	102.26%	\$ 14,230,095	102.26%
2003	15,870,964	100.68	15,978,134	100.68	80,213	101.18	16,058,347	101.18
2004	16,618,895	101.72	16,904,000	101.72	52,567	102.03	16,956,567	102.03
2005	17,401,486	101.56	17,672,862	101.56	10	101.56	17,672,872	101.56
2006	18,344,342	100.80	18,490,707	100.80	2,044	100.81	18,492,751	100.81
2007	19,446,934	99.39	19,327,368	99.39	2,254	99.40	19,329,622	99.40
2008	20,178,912	99.90	20,157,915	99.90	224	99.90	20,158,139	99.90
2009	21,484,466	99.85	21,452,425	99.85	8,062	99.89	21,460,487	99.89
2010	22,054,085	100.77	22,223,667	100.77	152	100.77	22,223,819	100.77
2011	23,064,211	99.02	22,837,227	99.02			22,837,227	99.02

Sources: Story County Auditor and City of Ames Finance Department

Note: Tax collections can exceed the total tax levy due to state credits the city receives like the homestead, elderly and disabled, family farm, and ag land tax credits.

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

Fiscal Year	Governmental Activities		Business-type Activities							Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	General Obligation Bonds	General Obligation Bonds	Revenue Bonds	Capital Leases	Notes Payable	Loans Payable	Government				
2002	\$ 35,920,504	\$ 5,244,496	\$ 43,695,000	\$ 2,043,135	2,212,672			\$ 86,903,135	8.85%	\$ 1,671		
2003	36,803,714	4,186,286	36,690,000		1,575,450			79,892,672	8.13	1,535		
2004	37,875,405	3,069,595	33,595,000		907,121			76,115,450	7.67	1,449		
2005	38,598,133	2,466,867	30,380,000		283,825			72,352,121	6.07	1,376		
2006	36,810,028	1,879,972	27,075,000		27,865			66,048,825	5.40	1,223		
2007	36,355,000	1,310,000	23,685,000					61,377,865	4.87	1,104		
2008	39,854,081	1,340,919	22,555,000		3,197,834			63,750,000	4.98	1,128		
2009	39,414,128	3,285,872	21,495,000		5,813,116			67,392,834	5.12	1,189		
2010	44,095,732	2,639,268	20,405,000		4,395,970	726,804		73,679,920	5.60	1,300		
2011	43,773,894	2,411,106	19,065,000			683,896		70,329,866	5.50	1,193		

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
2002	\$ 35,920,504	\$ 2,402,019	\$ 33,518,485	1.65%	\$ 644.43	
2003	36,803,714	2,272,537	34,531,177	1.47	663.59	
2004	37,875,405	1,715,319	36,160,086	1.49	688.06	
2005	38,598,133	1,439,613	37,158,520	1.42	706.45	
2006	36,810,028	1,275,590	35,534,438	1.29	657.90	
2007	36,355,000	1,107,194	35,247,806	1.17	633.96	
2008	39,854,081	1,423,410	38,430,671	1.23	680.07	
2009	39,414,128	1,990,754	37,423,374	1.16	660.53	
2010	44,095,732	2,467,664	41,628,068	1.25	705.98	
2011	43,773,894	1,942,412	41,831,482	1.22	709.43	

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, 2011

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Ames Community School District	\$ 1,220,000	98.02%	\$ 1,195,844
Gilbert Community School District	7,440,000	46.69	3,473,736
Des Moines Area Community College (1)	75,705,000	6.05	4,580,153
Nevada Community School District	3,360,000	0.13	4,368
United Community School District	0	0.98	0
Story County	8,980,000	61.78	5,547,844
<b>Other debt</b>			
Ames Community School District Revenue Bonds	9,413,900	98.02	9,227,505
Gilbert Community School District Revenue Bonds	1,590,000	46.69	742,371
Des Moines Area Community College Revenue Bonds	3,690,000	6.05	223,245
Nevada Community School District Revenue Bonds	13,550,000	0.13	17,615
Nevada Community School District Capital Leases	140,721	0.13	183
United Community School District Capital Leases	47,186	0.98	462
Subtotal, overlapping debt			25,013,326
<b>City direct debt</b>			<u>43,773,894</u>
<b>Total direct and overlapping debt</b>			<u>\$ 68,787,220</u>

**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 \$71,655,000 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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 101,842,502	\$ 117,729,869	\$ 121,488,874	\$ 130,841,177	\$ 137,349,059	\$ 150,197,523	\$ 156,008,848	\$ 161,231,483	\$ 166,392,635	\$ 171,580,029
Total net debt applicable to limit	41,165,000	40,990,000	40,945,000	41,065,000	38,690,000	37,665,000	41,195,000	42,700,000	46,735,000	46,185,000
Legal debt margin	60,677,502	76,739,869	80,543,874	89,776,177	98,659,059	112,532,523	114,813,848	118,531,483	119,657,635	125,395,029
Total net debt applicable to the limit as a percentage of debt limit	40.42%	34.82%	33.70%	31.39%	28.17%	25.08%	26.41%	26.48%	28.09%	26.92%

Legal Debt Margin Calculation for Fiscal Year 2010	
Assessed value	\$3,431,600,584
Debt limit (5% of actual value)	171,580,029
Debt applicable to limit:	
General obligation bonds	43,773,894
Other	21,476,106
Total	65,250,000
Less revenue bonds	19,065,000
Total net debt applicable to limit	46,185,000
Legal debt margin	\$ 125,395,029

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

Fiscal Year	Medical Center Revenue Bond						Electric Revenue Bond					
	Gross Revenues	Operating Expenses	Available Revenue	Debt Service Principal	Debt Service Interest	Coverage	Gross Revenues	Operating Expenses	Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2002	\$ 94,436,413	\$ 81,459,920	\$ 12,976,493	\$ 1,140,000	\$ 2,027,455	4.10	\$ 33,865,307	\$ 23,277,276	\$ 10,588,031	\$ 1,400,000	\$ 594,960	5.31
2003	100,317,729	85,662,680	14,655,049	1,200,000	1,960,195	4.64	33,648,009	26,299,186	7,348,823	1,685,000	566,463	3.26
2004	109,100,843	88,031,896	21,068,947	4,355,000	1,301,741	7.93	35,287,295	27,931,609	7,355,686	1,740,000	187,775	3.82
2005	125,887,097	101,474,465	24,412,632	1,435,000	1,212,363	9.22	37,433,752	30,987,158	6,446,594	1,780,000	144,275	3.35
2006	136,084,871	112,439,877	23,644,994	1,480,000	1,169,313	8.92	43,291,313	34,061,735	9,229,578	1,825,000	99,775	4.80
2007	157,405,562	124,439,101	32,966,461	1,530,000	1,117,513	12.45	47,486,293	36,571,857	10,914,436	1,860,000	54,150	5.70
2008	150,176,042	133,102,085	17,073,957	1,030,000	1,056,313	8.18	48,984,018	40,719,115	8,264,903	100,000	3,000	80.24
2009	146,226,111	140,766,706	5,459,405	1,060,000	1,025,413	2.62						
2010	167,770,114	133,553,941	34,216,173	1,090,000	993,613	16.42						
2011	177,039,866	132,028,206	45,011,660	1,340,000	954,863	19.61						

Fiscal Year	Sewer Revenue Bond					
	Gross Revenues	Operating Expenses	Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
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						
2009						
2010						
2011						

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**

<b>Calendar Year</b>	<b>Per Capita</b>			<b>Personal Income</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
	<b>Population</b>	<b>Income</b>	<b>Income</b>			
2001	50,688	18,881	957,040,128	4,702	2.4%	
2002	52,013	18,881	982,057,453	4,674	2.8	
2003	52,037	18,881	982,510,597	4,624	3.1	
2004	52,554	18,881	992,272,074	4,516	3.4	
2005	52,599	22,657	1,191,735,543	4,366	2.8	
2006	54,012	22,657	1,223,749,884	4,320	2.4	
2007	55,599	22,657	1,259,706,543	4,351	2.5	
2008	56,510	23,231	1,312,783,810	4,340	2.7	
2009	56,657	23,231	1,316,198,767	4,358	3.9	
2010	58,965	21,655	1,276,887,075	4,280	4.1	

**Sources:** United States Census Bureau 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 (1)

	2011		
<u>Employer</u>	<u>Employees (2)</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Iowa State University	14,020	1	28.97%
Mary Greeley Medical Center	1,347	2	2.78
Iowa Department of Transportation	1,012	3	2.09
McFarland Clinic, P.C.	886	4	1.83
City of Ames	857	5	1.77
Hy-Vee Food Stores	738	6	1.52
Sauer-Danfoss Company	650	7	1.34
Ames Community School District	622	8	1.29
Ames Laboratories	477	9	0.99
3M Company	430	10	0.89
<b>Total</b>			<b>43.47%</b>

Sources: United States Department of Labor provided total labor force number of 48,400.  
 City of Ames, LocationOne Information System website, and phone interviews conducted in March 2011 provided employee numbers.

Notes: (1) Comparative data for nine years ago is not currently available.  
 (2) Includes full-time, part-time and seasonal employees.

Schedule 16  
City of Ames  
Authorized Full-time Equivalent City Government Employees by Function (2)  
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General government										
Management services	22.75	23.00	22.75	22.50	22.25	22.25	22.25	22.50	23.50	22.50
Finance	41.50	41.25	41.25	38.75	38.75	38.75	39.75	40.75	40.75	40.75
Planning and housing	11.00	11.00	9.75	8.75	8.75	10.50	10.50	10.50	10.50	10.50
Fleet Services/Facilities	8.50	8.50	8.50	8.50	8.50	8.50	8.50	9.50	9.50	9.50
Transit	68.25	73.45	74.45	74.45	73.70	73.70	73.70	75.70	75.70	75.95
Fire/Inspections	60.00	63.00	63.00	63.00	63.00	63.00	65.00	68.00	68.00	68.00
Police/Animal control/Parking	73.40	73.40	73.40	73.40	72.40	74.40	74.40	74.65	74.65	77.65
Library	30.25	30.25	30.25	30.25	30.25	30.50	31.00	31.00	31.00	31.00
Parks and recreation	22.75	22.75	22.75	22.00	22.00	22.00	20.50	20.50	20.50	20.50
Waste water treatment	22.00	22.25	22.25	22.25	22.25	22.25	22.50	22.50	22.50	22.50
Water	18.50	18.75	18.75	18.75	18.75	18.75	19.00	19.00	19.00	19.00
Electric	79.00	79.00	79.00	79.00	79.00	79.00	81.00	81.00	81.00	81.00
Public works										
Administration	4.00	4.00	3.75	3.25	3.25	3.00	3.00	3.00	3.00	3.00
Engineering	12.50	12.00	12.00	12.00	12.00	12.00	13.00	13.00	13.00	13.00
Resource recovery	16.90	16.90	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
Streets	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00
Utility maintenance	12.00	12.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Other	12.75	12.75	12.75	12.75	12.75	12.75	13.00	13.00	13.00	13.00
Medical center (1) (3)	<u>979.80</u>	<u>946.04</u>	<u>930.97</u>	<u>960.34</u>	<u>987.33</u>	<u>1,019.33</u>	<u>1,055.70</u>	<u>1,088.50</u>	<u>1,044.00</u>	<u>1,055.00</u>
Total	1,514.85	1,489.29	1,470.57	1,494.94	1,519.93	1,555.68	1,597.80	1,638.10	1,594.60	1,607.85

Sources: City Finance Department

(1) Mary Greeley Medical Center Finance Department

Notes: (2) 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.

(3) Mary Greeley Medical Center restated 2010 employees due to the sale of their dialysis centers.

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

Function/Program	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government										
Number of licenses/permits processed (1)	874	843	1,206	1,048	1,008	877	1,003	650	537	464
Subdivision requests	25	32	33	16	16	14	14	15	13	13
Police										
Physical arrests	1,380	1,154	1,270	1,201	1,051	1,340	1,468	1,599	1,417	1,403
Parking violations	56,846	48,876	61,858	51,126	53,367	56,566	57,931	54,754	46,354	48,419
Traffic violations	3,985	3,351	2,438	3,000	3,809	3,820	3,012	2,724	3,080	4,068
Fire										
Number of fires	177	107	148	142	148	169	165	162	148	175
Number of ambulance assists	1,029	1,075	1,072	1,197	1,436	1,711	1,877	1,927	2,099	2,211
Inspections	811	801	818	1,016	1,007	974	1,018	632	731	1,011
Library										
Total circulation	1,090,138	1,232,476	1,222,190	1,256,993	1,311,122	1,361,888	1,346,924	1,386,273	1,431,023	1,388,273
Library visits (2)	427,072	451,041	457,441	471,164	450,000	459,000	462,967	424,504	435,572	416,908
Parks and recreation										
Total number of participant visits (3)	119,396	117,113	119,287	118,456	114,297	117,790	145,760	138,840	155,880	201,344
Total number of activities	137	135	135	135	137	136	123	123	125	127
Resource recovery										
Tons of refuse processed	45,684	44,798	48,272	51,840	54,497	50,792	52,482	50,057	50,614	56,789
Tipping fee/ton	45.00	52.75	53.85	52.75	52.75	52.75	52.75	52.75	52.75	52.75
Other public works										
Blocks of streets crack sealed	167	176	160	176	142	124	108	51	45	65
Blocks of streets slurry sealed	0	63	68	73	0	0	46	0	0	0
Blocks of seal coat reconstruction	21	6	7	8	9	0	12	14	17	8
Hospital										
Total admissions	10,007	9,438	9,279	10,178	9,970	10,113	10,002	9,748	9,292	9,782
Average percent of occupancy	56.5%	54.0%	53.0%	55.6%	54.3%	56.9%	57.9%	62.1%	59.6%	62.7%
Electric										
Kilowatt hours produced at plant	399,354,110	417,653,920	421,936,000	435,050,857	489,100,767	497,522,088	429,927,000	413,485,892	340,892,874	341,229,148
Meters in service	20,606	20,901	21,170	22,375	22,906	23,827	23,946	24,237	24,290	24,436
Transit										
Passengers	3,418,078	4,678,548	4,787,637	4,292,366	4,173,208	4,314,151	4,646,554	5,002,146	5,377,155	5,447,289
Total miles driven	1,115,473	1,229,503	1,245,103	1,178,475	1,189,235	1,234,775	1,287,789	1,317,336	1,381,832	1,421,852
Water										
Billion gallons/year pumped	2,089	2,111	2,186	2,137	2,311	2,440	2,330	2,029	1,961	2,074
Utility locates performed	5,797	5,356	5,747	6,081	5,779	5,500	5,502	5,650	5,417	6,471
Water main breaks (4)	25	28	68	27	21	51	44	29	23	37
Wastewater										
Billion gallons/year treated	1.944	1.959	2.136	1.997	1.887	2.475	2.507	2.438	2.385	2.501

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. The State of Iowa took over issuing plumbing, electrical and mechanical licenses in March 2009.

(2) Library counter not working all year for FY 2006 and FY 2009.

(3) Homewood Golf Course participant visits added in FY 2008. Furman Aquatic Center opened in FY 2010 and visits increased in FY 2011 by more than 56,000.

(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**

Function	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	7	7	7	7	7	8	8	9	9	9
Fire										
Fire stations	2	3	3	3	3	3	3	3	3	3
Parks and recreation										
Total number of parks	33	33	33	33	33	34	34	36	36	36
Total number of park acres	1,196	1,196	1,196	1,196	1,196	1,199	1,199	1,213	1,213	1,213
Total number of athletic fields	19	19	19	18	18	18	18	18	18	18
Other public works										
Miles of streets (1)	176	178	240	244	241	244	246	250	254	260
Number of traffic signals	60	60	60	60	59	59	59	63	70	70
Number of signs	8,502	8,806	8,881	9,325	9,267	9,291	9,274	9,441	9,575	9,759
Hospital										
Beds in operation	206	204	198	198	198	199	199	199	199	199
Transit										
Buses owned	56	67	69	69	61	63	66	70	72	79
New buses purchased	3	7	3	0	4	4	0	4	14	7
Water										
Miles of water mains	218.0	220.0	223.0	230.0	232.5	242.5	235.0	235.7	239.6	240.7
Fire hydrants	2,150	2,200	2,250	2,374	2,406	2,451	2,577	2,586	2,619	2,650
Wells	22	22	22	22	22	25	28	28	28	28
Wastewater										
Sanitary sewer miles (2)	186.0	187.0	189.0	192.0	196.0	194.7	201.0	198.8	200.0	200.9
Storm sewer miles (2)	190.0	192.0	201.0	220.0	240.0	230.9	249.0	257.3	257.3	260.7

**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) Public works implemented a computer GIS system in FY 2004.

(2) 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, 2011**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Grantor/ Pass-Through Number	Expenditures Year Ended June 30, 2011
<b>DIRECT:</b>			
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Section 8 Housing Choice Vouchers	14.871	1A089-VO-001,002,003, 005,006	<u>\$422,235</u>
Community Development Block Grants/Entitlement Grants	14.218	B-10-MC-19-0010	<u>464,570</u>
<b>DEPARTMENT OF JUSTICE</b>			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	2007-DJ-BX-0434	<u>6,451</u>
Bulletproof Vest Partnership Program	16.607		<u>4,118</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-DJ-BX-0795	1,699
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2010-DJ-BX-1109	<u>24,775</u>
			<u>26,474</u>
ARRA-Recovery Act-Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	2009-SB-B9-1623	<u>12,108</u>
<b>DEPARTMENT OF TRANSPORTATION</b>			
Airport Improvement Program	20.106	3-19-0004-19-2010	418,601
Airport Improvement Program	20.106	3-19-0004-20-2011	74,669
			<u>493,270</u>
Federal Transit-Capital Investment Grants	20.500*	IA-04-0111-00	58,121
Federal Transit-Capital Investment Grants	20.500*	IA-04-0115-00	350,000
Federal Transit-Formula Grants	20.507*	IA-90-X359-00	1,490,918
			<u>1,899,039</u>
ARRA-Capital Assistance Program for Reducing Energy Consumption and Greenhouse Gas Emissions	20.523	IA-77-0001-00	<u>654,221</u>
ARRA-Surface Transportation-Discretionary Grants for Capital Investments	20.932	IA-78-0001-00	<u>2,056,387</u>
<b>DEPARTMENT OF ENERGY</b>			
ARRA-Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	DE-SC0003027	<u>514,733</u>
<b>DEPARTMENT OF HOMELAND SECURITY</b>			
Assistance to Firefighters Grant	97.044	EMW-2009-FO-02486	<u>43,310</u>
<b>TOTAL DIRECT</b>			<u>6,596,916</u>
<b>INDIRECT:</b>			
<b>DEPARTMENT OF TRANSPORTATION</b>			
Iowa Department of Transportation			
Highway Planning and Construction	20.205	11MPO-AAMPO	124,361
Highway Planning and Construction	20.205	STP-ES-0155(659)-81-85	66,689
ARRA-Highway Planning and Construction	20.205	ESL-0155(662)-7S-85	84
Highway Planning and Construction	20.205	STP-U-0155(666)-70-85	597,254
Highway Planning and Construction	20.205	STP-U-0155(667)-70-85	650,344
ARRA-Highway Planning and Construction	20.205	ESL-0155(668)-7S-85	494,397
			<u>1,933,129</u>
Federal Transit-Capital Investment Grants	20.500*	04-0113-015-08	26,384
Federal Transit-Capital Investment Grants	20.500*	04-0113-015-10	946,499
Federal Transit-Formula Grants	20.507*	95-X003-015-09	37,467
ARRA-Federal Transit-Formula Grants	20.507*	96-0001-015-09	1,106,667
			<u>2,117,017</u>

(continued)

**CITY OF AMES, IOWA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Grantor/ Pass-Through Number	Expenditures Year Ended June 30, 2011
INDIRECT: (continued)			
DEPARTMENT OF TRANSPORTATION			
Iowa Department of Transportation Metropolitan Transportation Planning	20.505	11MPO-AAMPO	<u>55,491</u>
Capital Assistance Program for Elderly Persons and Persons With Disabilities	20.513**	16-X001-015-08	1,888
Capital Assistance Program for Elderly Persons and Persons With Disabilities	20.513**	16-X001-015-10	71,419
Capital Assistance Program for Elderly Persons and Persons With Disabilities	20.513**	16-X001-015-11	28,458
Job Access-Reverse Commute	20.516**	37-X017-015-10	1,666
Job Access-Reverse Commute	20.516**	37-X017-015-11	57,271
New Freedom Program	20.521**	57-X001-015-09	<u>306,456</u>
			<u>467,158</u>
 Iowa Department of Public Safety Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	 20.601	 PAP 10-410, Task 02	  3,702
 Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	 20.601	 PAP 11-410, Task 01	  <u>25,419</u>
			<u>29,121</u>
DEPARTMENT OF ENERGY			
Office of Energy Independence ARRA-Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	EECBG 10-3426	<u>37,184</u>
DEPARTMENT OF EDUCATION			
Iowa Department of Transportation ARRA-State Fiscal Stabilization Fund (SFSF)-Government Services, Recovery Act	84.397	S397A090016A	<u>60,579</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Iowa Department of Public Health Immunization Grants	93.268	5880I471	2,241
Immunization Grants	93.268	5881I471	6,129
			<u>8,370</u>
Temporary Assistance for Needy Families TANF	93.558	DCAT5-11-177	<u>5,183</u>
ARRA-Immunization	93.712	5880I471	<u>1,667</u>
National Bioterrorism Hospital Preparedness Program	93.889	5881BHP13	<u>22,417</u>
DEPARTMENT OF HOMELAND SECURITY			
Iowa Department of Homeland Security and Emergency Management Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 1930-DR-IA	<u>802,067</u>
Hazard Mitigation HMGP	97.039	HMGP-DR-DR-1737-0031 01	<u>17,981</u>
Buffer Zone Protection Program (BZPP)	97.078	2008-BZ-T8-0003	<u>305,200</u>
<b>TOTAL INDIRECT</b>			<u><u>5,862,564</u></u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>12,459,480</u></u>

\*Clustered programs under OMB Circular A-133

\*\*Clustered programs under OMB Circular A-133

See notes to Schedule of Expenditures of Federal Awards.

(concluded)

**CITY OF AMES, IOWA**

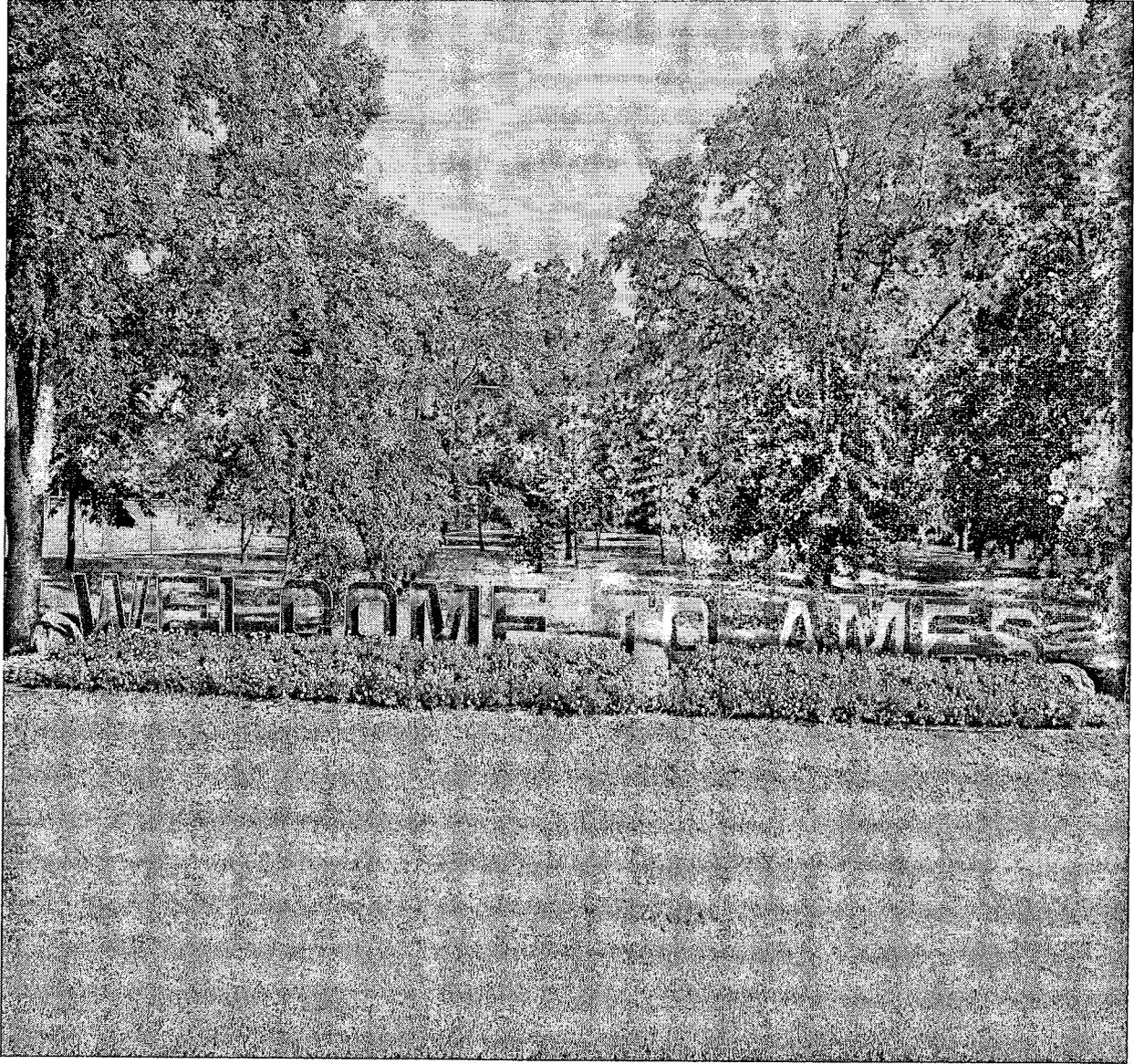
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

**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.





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, 2011, which collectively comprise the City of Ames, Iowa's basic financial statements and have issued our report thereon dated November 30, 2011. 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.

The financial statements of the Mary Greeley Medical Center Foundation, the discretely presented component unit, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not extend to those financial statements.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Ames, Iowa'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 of Ames, Iowa's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Ames, Iowa's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

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

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## Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2011, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City of Ames, Iowa, and are reported in Part II of the accompanying Schedule of Findings and Questioned Costs. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

This report is intended solely for the information and use of the management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Eide Bailly LLP*

Dubuque, Iowa  
November 30, 2011



**Independent Auditor's Report on Compliance with Requirements That Could Have  
a Direct and Material Effect on 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 City of Ames, Iowa's compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2011. 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 grants 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 noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

## **Internal Control over Compliance**

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 grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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 is intended solely for the information and use of the management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Eide Sully LLP*

Dubuque, Iowa  
November 30, 2011

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

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weakness identified	No
Significant deficiency	None reported
Noncompliance material to financial statements noted	No

Federal Awards

Internal control over major programs:	
Material weakness identified	No
Significant deficiency	None reported
Type of auditor's report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.932	ARRA-Surface Transportation _ Discretionary Grants for Capital Investment
20.205	ARRA – Highway Planning and Construction
Cluster: 20.500	Federal Transit _ Capital Investment Grants
20.507	ARRA – Federal Transit _ Formula Grants
20.523	ARRA – Capital Assistance Program for Reducing Energy Consumption and Greenhouse Gas Emissions
81.128	ARRA-Energy Efficiency Conservation Block Grant Program (EECBG)
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)
Dollar threshold used to distinguish between Type A and Type B programs	\$373,784
Auditee qualified as low-risk auditee	Yes

**Part II: Other Findings Related to Required Statutory Reporting:**

- II-A-11 **Certified Budget** – Disbursements during the year ended June 30, 2011, did not exceed the amount budgeted.
- II-B-11 **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.
- II-C-11 **Travel Expense** – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
- II-D-11 **Business Transactions** – Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Mike Wheelock, Utility Accounts Supervisor, wife is part owner of Heartland Pet Hospital	Veterinary Services	\$ 110
Jan Huess, Library employee, husband is owner of Huess Printing	Printing Services	527
Joanne Van Dyke, Cyride Employee, husband is owner of ICS Advanced Technologies	Technology Contract	4,200
Randy Lien, Cyride Employee, owner of Lien Woodworking	Services	375
Cindy Hollar, Planning and Housing employee, husband is owner of Reese Electric Motor Co.	Motor Services	4,769

In accordance with Chapter 362.5(10) of the Code of Iowa, the transactions with Mike Wheelock, Jan Huess, and Randy Lien do not appear to represent conflicts of interest since total transactions with each individual were less than \$1,500 during the fiscal year. The transactions with Joanne Van Dyke and Reese Electric Motor Co. do not appear to represent conflicts of interest since they were entered into through competitive bidding in accordance with Chapter 362.5(4) of the Code of Iowa.

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

- II-E-11 **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.
  
- II-F-11 **Council Minutes** – No transactions were found that we believe should have been approved in the Council minutes but were not.
  
- II-G-11 **Deposits and Investments** – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City’s investment policy were noted.
  
- II-H-11 **Revenue Bonds** – No instances of noncompliance with the provisions of the City’s revenue bond resolutions were noted.