CITY OF AMES, IOWA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended

June 30, 2012

Ames Intermodal Facility

CONNECTIONS TO CYRIDE, JEFFERSON, BURLINGTON, EXECUTIVE EXPRESS, HIRTA

The theme for this year's Comprehensive Annual Financial Report is the Ames Intermodal Facility, opened to the public in the summer of 2012.

Photographs of the building and grounds are spread throughout the pages with each tab providing information about the project.

Thanks to the following for sharing their photography talents:

Duane Pitcher, Finance Director
Susan Gwiasda, Public Relations Officer
Jenny Bethurem, Assistant Transit Operator

CITY OF AMES, IOWA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2012

Prepared by:

Department of Finance
Accounting Division

Mission Statement

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

We Value...

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

We Are...

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

Caring People, Quality Programs, Exceptional Service

City of Ames
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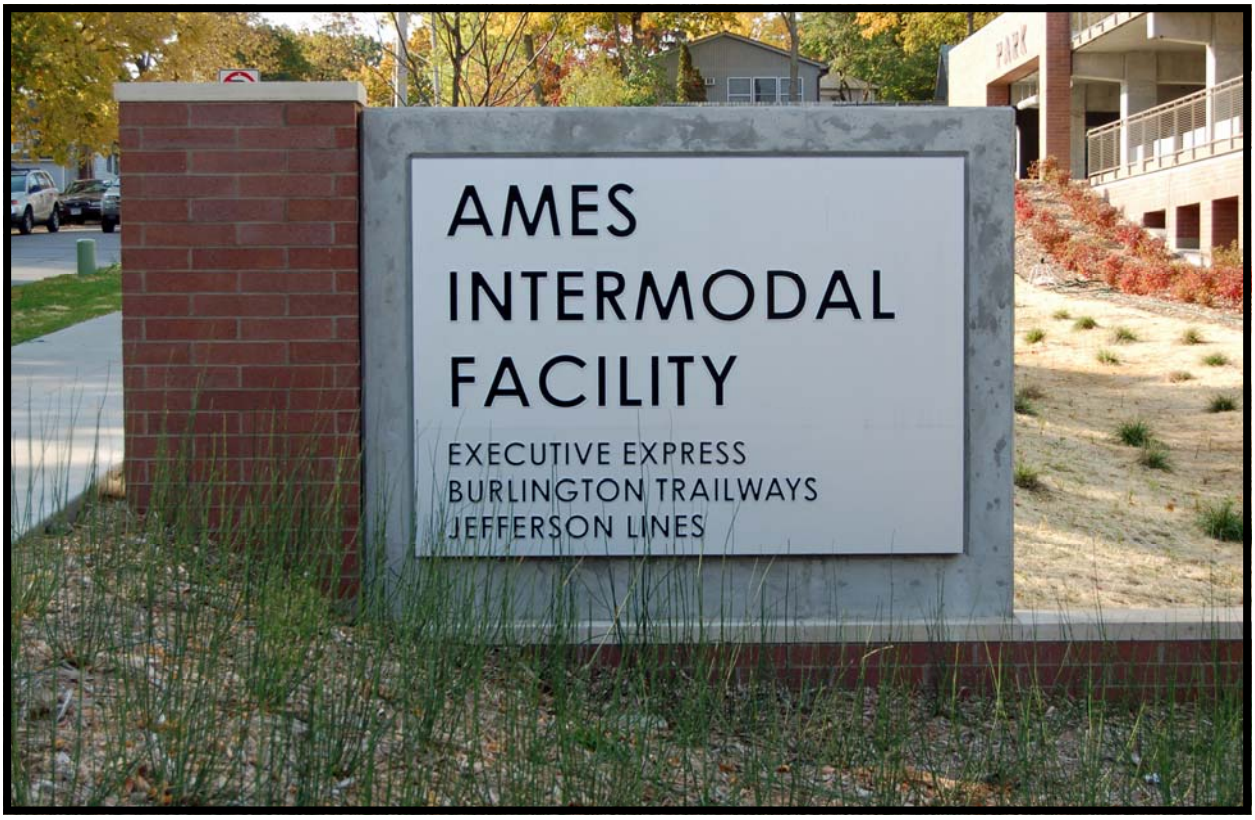
INTRODUCTORY SECTION



The $9.2 million Ames Intermodal Facility Transportation Hub was funded through the U.S. Department of Transportation's American Recovery and Reinvestment Act of 2009 and Iowa's intercity bus program. The facility includes 384 parking spaces for short- and long-term use, bike path connections to the community with shower and bike locker facilities, bus terminal for intercity and regional carriers, connections to CyRide one block away, 20 free parking spaces for qualified car and vanpool participants, taxi stand for transportation within the community, and public restrooms for the Campustown Business District.

December 19, 2012

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

The City of Ames, Iowa (City) is required by the Iowa Code to publish a complete set of audited financial statements presented in conformity with generally accepted accounting principles. Pursuant to these requirements, the Comprehensive Annual Financial Report (CAFR) of the City for the fiscal year ended June 30, 2012, is hereby submitted.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Eide Bailly LLP, a firm of licensed certified public accountants, has issued an unqualified ("clean") opinion on the City's financial statements for the year ended June 30, 2012. The independent auditor's report is presented as the first component of the financial section in this report.

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

Profile of the City of Ames

The City was incorporated in 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 and serves a population of 58,965, according to the 2010 census. The City is empowered to levy a property tax on real property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City operates under a mayor-council form of government with an appointed manager. Policy making and legislative authority are vested in the governing council consisting of the mayor and six other council members. The council members serve four-year staggered terms with three council members elected every two years. The mayor is elected for a four-year term. Four of the council members are elected by district. The mayor and the two remaining council members are elected at large.

The City provides a full range of services, including police and fire protection; snow removal; construction and maintenance of highways, streets, and other infrastructure; recreational and cultural activities; library services; community development; electric, water, and sewer systems; parking lot facilities; resource recovery; a municipal airport; transit services; and a municipal hospital. The City is also financially accountable for a legally separate hospital foundation reported separately within the City's financial statements. Additional information on the hospital foundation can be found in the notes to the financial statements (see note I(B)).

The annual budget serves as the foundation for the City's financial planning and control and is prepared by function. The City Manager is responsible for developing a budget proposal for presentation to the City Council in January and February of each year. The City Council is then required to hold public hearings on the proposed budget and adopt a final budget no later than March 15 for the fiscal year beginning the following July 1. Any amendments to the budget must be prepared and adopted in the same manner as the original budget.

Local economy

The City is supported by a diverse economy, which relies on both the private and public sectors. The City is home to several large governmental agencies including Iowa State University, 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 2012, the U.S. Bureau of Labor Statistics reported that the Ames metropolitan statistical area (MSA) ranked as the 3rd lowest unemployment rate in the nation at 3.0%, well below the national rate of 7.6% and Iowa rate of 5.2%. The Ames MSA unemployment number reflects an improvement from the September 2011 rate of 4.3% 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 16 percent increase over the ten years.

Ames has continued steady, moderate, and sustainable growth in both population and property valuation. The taxable valuation for property in Ames grew 3.3% from January 2010 to January 2011. Along with population growth, there has been a corresponding growth in employment resulting in a slightly lower unemployment rate for 2012.

The City's economic development efforts continue to be targeted toward companies that desire a highly-educated workforce with specialization in areas such as veterinary medicine, bio-fuels, and agricultural research. The *Atlantic Monthly* named Ames one of the top 25 places for new college graduates in 2012.

The technology sector continued to expand in Ames as Solum, Inc., a Mountain View, California-based agricultural technology company that develops advanced measurement systems and software for soil testing, opened a state-of-the-art soil analysis facility in Ames. DuPont Danisco Cellulosic Ethanol, LLC is constructing a plant just outside Ames and will continue to make the Ames area a leader in the bio-fuels industry. Ames-based biodiesel producer Renewable Energy Group recorded record earnings in 2011, and company leaders were recognized as Entrepreneur Of the Year by Ernst & Young. Growth of companies in the Iowa

State University Research Park, such as WebFilings, LLC and Boehringer Ingelheim Vetmedica have led to plans for a 100-acre addition to the park.

The retail and service sectors have also seen continued growth as Mary Greely Medical Center, an Ames-based, regional hospital, is well under way on a $129 million expansion and renovation of the Ames facility. The North Grand Mall is well under way on a $30 million project that will expand and reconfigure 150,000 square feet of retail space. Iowa State University has announced a record enrollment in the fall of 2012, with the total number of students exceeding 30,000 for the first time. Strength in the agricultural and engineering programs contributed to much of the increase.

Long-term financial planning and major initiatives

Construction was completed and a ribbon-cutting ceremony was held for an intermodal facility to serve the Iowa State University and Campustown area, providing nearly 400 parking spaces as well as additional retail space and connections to various transit and transportation options.

The City Council approved a project for expansion of utilities for residential growth to the north of the city and to the east for commercial and industrial expansion. These projects will provide for several years of incremental growth at the current rate.

A $20 million expansion and renovation project for the Ames Public Library has begun. The plans for the project have been approved and temporary space has been leased for operations while construction is underway.

The water utility began planning for a water treatment plant and has already acquired land for the facility. The sanitary sewer utility began a wastewater disinfection project. The storm water and electric utilities completed rate restructure projects.

Capital projects for the downtown street improvements include streetscape amenities and work on a sanitary sewer system evaluation. Plans for major street maintenance and reconstruction were expanded based on citizen feedback.

Relevant financial policies

The City Council has adopted a comprehensive set of budget and fiscal policies, including financial management, general revenue management, user fee cost recovery goals, enterprise fund fees and rates, grant funding, revenue distribution, investments, fund balance designations and reserves, capital improvement management, and capital improvement financing and debt management.

The ending fund balance level established for the general fund is 20% of operating expenditures. The City met the minimum fund balance requirement for the General Fund and adhered to all other financial policies established by the City Council.

Awards and acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended June 30, 2011. This is the 33rd consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe that our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2012. To qualify for this award, the City's budget document had to be judged proficient as a policy document, an operations guide, a financial plan, and a communication device. This is the 25th consecutive year the City has received this award.

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

Respectfully submitted,

Steven L. Schainker
City Manager

Duane R. Pitcher, CPA, CPFO
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Ames
Iowa

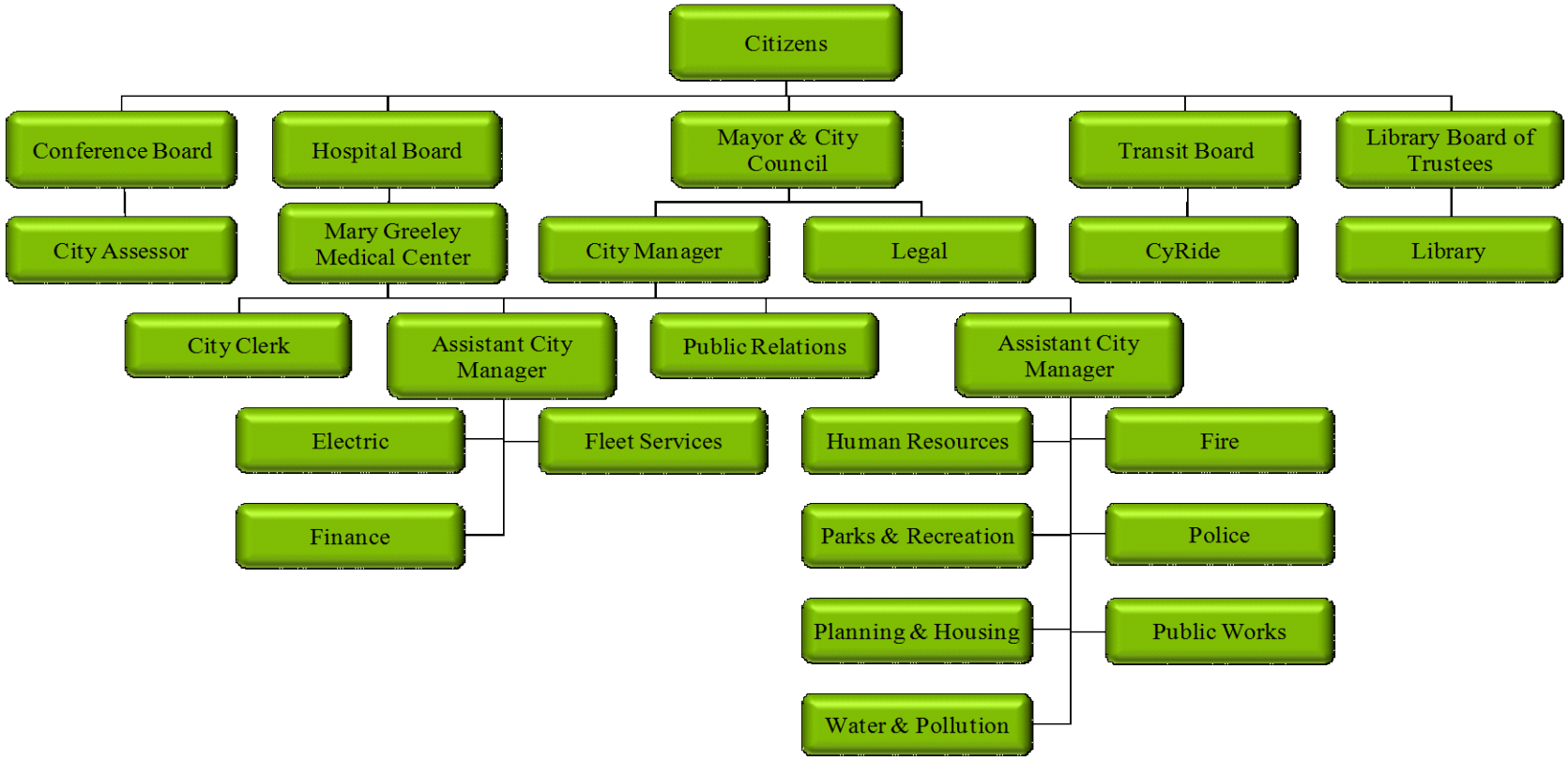
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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

Organizational Chart



City of Ames
List of Elected and Appointed Officials
June 30, 2012

Elected Officials:	
Mayor	Ann Campbell
Council Member – Ward One	Thomas Wacha
Council Member – Ward Two	Jami Larson
Council Member – Ward Three	Jeremy Davis
Council Member – Ward Four	Victoria Szopinski
Council Member – At Large	Matthew Goodman
Council Member – At Large	Peter Orazem
Council – Appointed Officials:	
City Manager	Steven Schainker
City Attorney	Doug Marek
City Manager – Appointed / Council – Approved Official:	
City Clerk	Diane Voss
City Manager – Appointed Officials:	
Assistant City Manager	Bob Kindred
Assistant City Manager	Melissa Mundt
City Treasurer	Roger Wisecup II
Director of Electric Utility	Don Kom
Director of Finance	Duane Pitcher
Director of Fleet Services	Paul Hinderaker
Director of Human Resources	Julie Huisman
Director of Parks and Recreation	Nancy Carroll
Director of Planning and Housing	Steve Osguthorpe
Director of Public Works	John Joiner
Director of Water and Pollution Control	John Dunn
Fire Chief	Clint Petersen
Police Chief	Chuck Cychosz
Other Officials:	
Director of Transportation	Sheri Kyras
Library Director	Vacant
Hospital Administration:	
President / Chief Executive Officer	Brian Dieter
Vice President / Chief Financial Officer	Michael J. Tretina

EideBailly
CPAs & BUSINESS ADVISORS

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ames, Iowa, as of and for the year ended June 30, 2012, 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 59 percent, 51 percent, and 64 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, 2012, 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 December 19, 2012, 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.

Eide Bailly LLP

Dubuque, Iowa
December 19, 2012

FINANCIAL SECTION

The Jefferson Lines and Burlington Trailways buses provide service to Des Moines, Cedar Rapids, Chicago, Denver, Omaha, Indianapolis, St. Louis, and other cities. These transportation companies provide drop off/pick-up at the Intermodal Facility, but do not house any vehicles there.

Burlington Trailways

Management's Discussion and Analysis

As management of the City of Ames (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-4 of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $648,900,261 (*net assets*). Of this amount, $261,982,897 represents unrestricted net assets, which may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by $42,751,751, primarily because of changes in utility rates and increased activities of Mary Greeley Medical Center (the hospital).
- As of the close of the current fiscal year, the City's governmental funds reported combined fund balances of $36,174,031, an increase of $2,894,050 in comparison with the prior year. Approximately 21.05% of this amount ($7,615,907) is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (*the total of the committed, assigned, and unassigned components of fund balance*) for the general fund was $8,072,115, or approximately 30.64% of total general fund expenditures.
- The City's total long-term outstanding debt increased by $61,649,792 during the current fiscal year mainly because of $65 million in revenue bonds issued by the hospital to expand and remodel portions of its existing medical center facilities.
- Within the City's business-type activities, revenues exceeded expenses by $39,235,067. 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 the hospital.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes other supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business.

The *statement of net assets* presents financial information on all of the City's assets and liabilities, with the difference 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 for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, health and social services, culture and recreation, and community and economic development. The business-type activities of the City include the hospital, electric, sewer, water, transit, storm sewer, parking, resource recovery, an ice arena, and a golf course.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate medical center foundation for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 24-26 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 25 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, capital projects fund, and debt service fund, all of which are considered to be major funds. Data from the other 22 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

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

The basic governmental fund financial statements can be found on pages 27-30 of this report.

Proprietary Funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its hospital, electric, sewer, water, transit, storm sewer, parking, resource recovery, an ice arena, and a golf course. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for fleet services, information services, risk management, and health insurance. Because these services benefit both the governmental and business-type functions, they have been apportioned accordingly in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the hospital, electric, sewer, water, and transit, all of which are considered to be major funds of the City. Data from the other five enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor enterprise funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report. Conversely, internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The basic proprietary fund financial statements can be found on pages 31-35 of this report.

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

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

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

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37-76 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's obligation to provide other post-employment benefits to its employees and budgetary comparisons. Required supplementary information can be found on pages 78-81 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, internal service funds, and agency funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 85-103 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net assets, over time, may serve as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by $648,900,261 at the close of the most recent fiscal year.

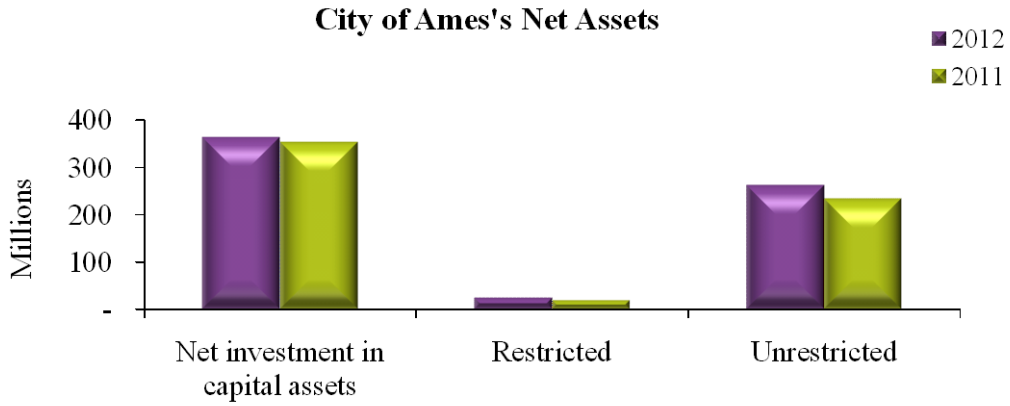
City of Ames's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	$ 72,026,981	$ 69,704,241	$ 345,463,467	$ 252,801,343	$ 417,490,448	$ 322,505,584
Net capital assets	146,656,958	145,984,558	282,936,411	270,095,629	429,593,369	416,080,187
Total assets	218,683,939	215,688,799	628,399,878	522,896,972	847,083,817	738,585,771
Long-term liabilities outstanding	45,904,796	46,672,291	102,606,842	40,199,048	148,511,638	86,871,339
Other liabilities	27,936,632	27,690,681	21,735,286	17,875,241	49,671,918	45,565,922
Total liabilities	73,841,428	74,362,972	124,342,128	58,074,289	198,183,556	132,437,261
Net assets						
Net investment in capital assets	111,810,541	110,348,921	251,498,597	243,495,813	363,309,138	353,844,734
Restricted	20,794,194	15,338,746	2,814,032	2,708,889	23,608,226	18,047,635
Unrestricted	12,237,776	15,638,160	249,745,121	218,617,981	261,982,897	234,256,141
Total net assets	$ 144,842,511	$ 141,325,827	$ 504,057,750	$ 464,822,683	$ 648,900,261	$ 606,148,510

The largest portion of the City's net assets (55.99%) reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure) less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

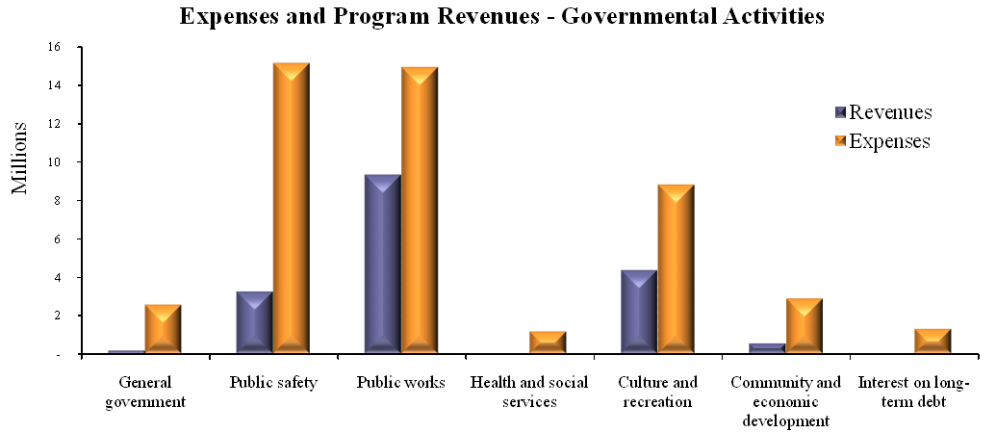
An additional portion of the City's net assets (3.64%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of $261,982,897 is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all reported categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.



Governmental Activities. During the current fiscal year, net assets for governmental activities increased $3,516,684 from the prior fiscal year for an ending balance of $144,842,511. Taxes are the largest source of governmental revenues with property taxes of $23,485,295 and sales taxes of $6,935,154 in 2012. The $663,907 increase in property tax collections in 2012 over 2011 is due to increased taxable valuation with approximately the same tax rate as the prior year. Road use tax, included in program revenues, increased $533,922 over 2011. The state allocates these funds to municipalities on a per capita basis. The 2012 allocation was based on the 2010 census where the City grew in population at a higher relative rate than the rest of the state.

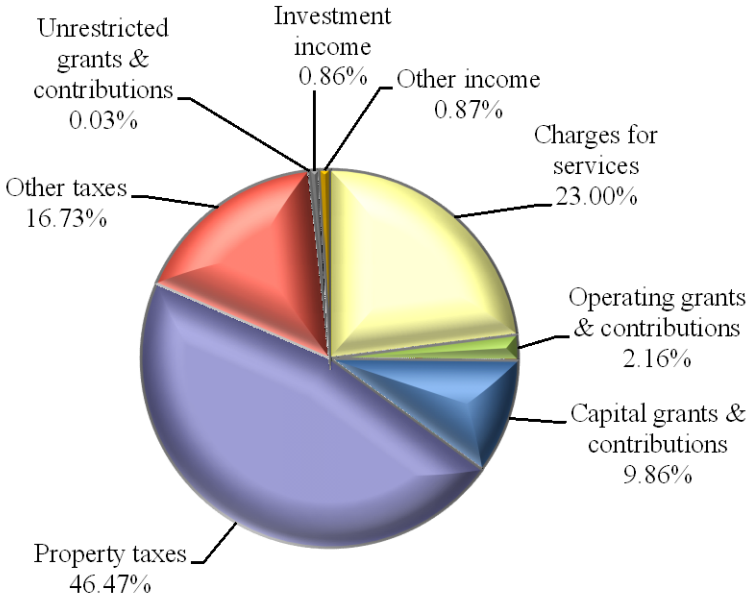
Governmental expenses decreased $1,141,425 from 2011, or 2.38%. The two functions with the greatest decrease were public works and community and economic development. Public works expenses decreased due to the completion of many of the American Recovery and Reinvestment Act of 2009 (ARRA) projects. Community and economic development expenses were lower than the prior year mainly because the 2011 expenses included expenses related to the transfer of the Section 8 housing program to a new provider.



City of Ames's Changes in Net Assets

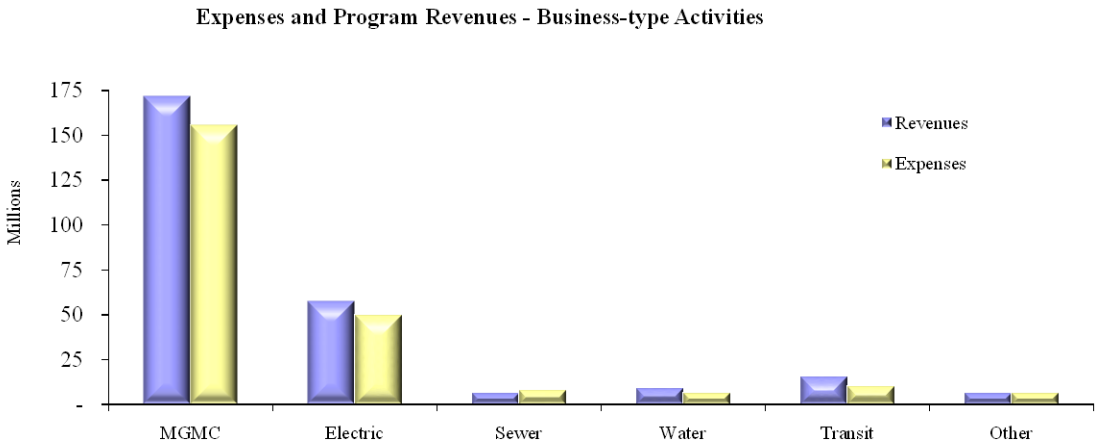
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues						
Charges for services	$ 11,623,655	$ 5,707,673	$254,657,674	$243,197,195	$266,281,329	$248,904,868
Operating grants & contributions	1,091,752	2,758,176	2,751,186	2,567,137	3,842,938	5,325,313
Capital grants & contributions	4,985,082	4,742,929	8,991,024	5,541,433	13,976,106	10,284,362
General revenues						
Property taxes	23,485,295	22,821,388	-	-	23,485,295	22,821,388
Other taxes	8,453,725	12,547,767	-	-	8,453,725	12,547,767
Unrestricted grants & contributions	17,040	15,990	-	-	17,040	15,990
Investment earnings	436,302	499,004	4,197,199	17,372,875	4,633,501	17,871,879
Other	441,881	-	5,164,193	9,401,265	5,606,074	9,401,265
Total revenues	50,534,732	49,092,927	275,761,276	278,079,905	326,296,008	327,172,832
Expenses:						
General government	2,559,365	2,629,067	-	-	2,559,365	2,629,067
Public safety	15,144,853	14,281,351	-	-	15,144,853	14,281,351
Public works	14,938,688	16,339,571	-	-	14,938,688	16,339,571
Health & social services	1,159,849	1,250,292	-	-	1,159,849	1,250,292
Culture & recreation	8,818,851	7,703,519	-	-	8,818,851	7,703,519
Community & economic development	2,875,118	4,262,698	-	-	2,875,118	4,262,698
Interest on long-term debt	1,298,010	1,469,661	-	-	1,298,010	1,469,661
Mary Greeley Medical Center	-	-	155,374,830	146,292,855	155,374,830	146,292,855
Electric	-	-	50,159,375	48,241,832	50,159,375	48,241,832
Sewer	-	-	7,956,963	6,719,787	7,956,963	6,719,787
Water	-	-	6,630,919	7,099,299	6,630,919	7,099,299
Transit	-	-	10,002,499	10,010,387	10,002,499	10,010,387
Storm Sewer	-	-	918,495	917,771	918,495	917,771
Parking Lot	-	-	767,154	805,253	767,154	805,253
Resource Recovery	-	-	4,184,929	4,310,188	4,184,929	4,310,188
Ames/ISU Ice Arena	-	-	521,670	526,660	521,670	526,660
Homewood Golf Course	-	-	232,689	230,698	232,689	230,698
Total expenses	46,794,734	47,936,159	236,749,523	225,154,730	283,544,257	273,090,889
Increase in net assets before transfers	3,739,998	1,156,768	39,011,753	52,925,175	42,751,751	54,081,943
Transfers	(223,314)	(228,423)	223,314	228,423	-	-
Increase in net assets	3,516,684	928,345	39,235,067	53,153,598	42,751,751	54,081,943
Net assets - beginning	141,325,827	140,397,482	464,822,683	411,669,085	606,148,510	552,066,567
Net assets - ending	$144,842,511	$141,325,827	$504,057,750	$464,822,683	$648,900,261	$606,148,510

Revenues by Source - Governmental Activities



Business-type Activities. Business-type activities increased net assets by $39,235,067, accounting for 91.77% of the City's growth in net assets at June 30, 2012. However, this is $13,918,531 less than the 2011 increase in net assets. The prior year increase included over $9 million from discontinued operations and sale of the dialysis centers by the hospital and $13.2 million more in gains on investments. Continued historically low interest rates have resulted in minimal change in the value of fixed income investment instruments. Also, the hospital invests in equities that are subject to wider fluctuations in market value. Business-type charges for services increased $11,460,479 over 2011, or 4.71%. Most of this increase is due to an increase in net patient service revenue at the hospital because of increased outpatient revenue, a 5% rate increase, and a reimbursement increase by Wellmark, the health insurance company. Capital grants and contributions increased $3,449,591, mainly because of construction of the new intermodal facility.

The expenses of the business-type activities increased $11,594,793, or 5.15% Hospital expenses increased approximately $9 million because of increased business activity. Electric expenses were up approximately $1.9 million over 2011 because of increases in fuel and purchased power, including wind energy.



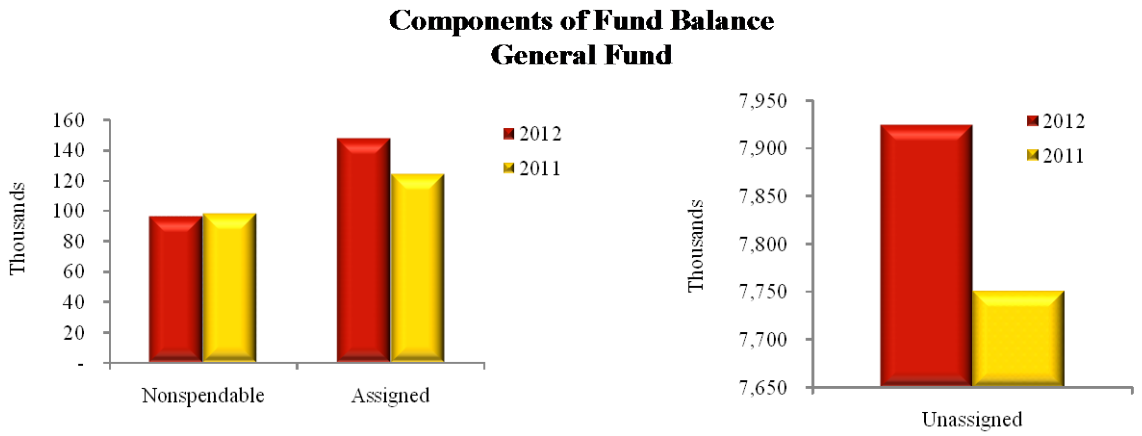
Financial Analysis of Governmental Funds

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

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

The City's governmental funds reported combined fund balances of $36,174,031 at June 30, 2012, an increase of $2,894,050 in comparison with the prior year. Approximately 21.05% of this amount ($7,615,907) constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of the fund balance is either *nonspendable, restricted, committed, or assigned* to indicate that it is 1) not in spendable form ($181,671), 2) legally required to be maintained intact ($1,890,716), 3) restricted for particular purposes ($24,621,403), 4) committed for particular purposes ($1,399,913), or 5) assigned for particular purposes ($464,421).

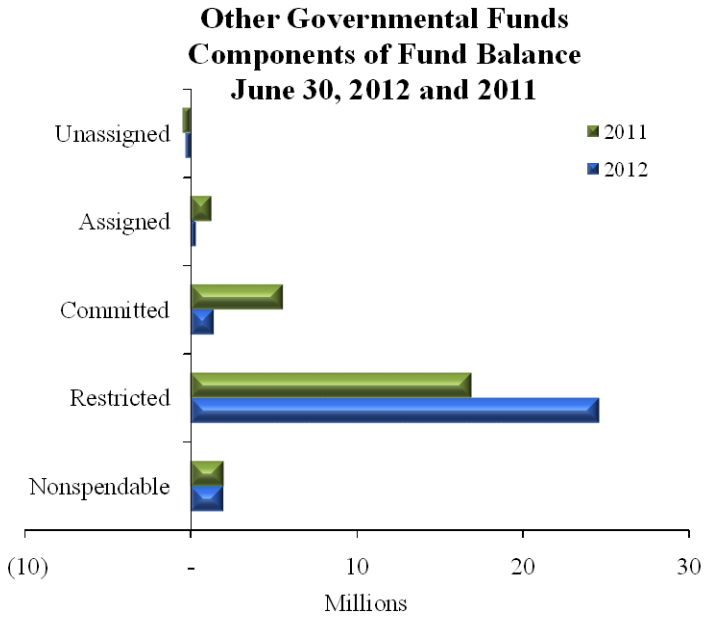
The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was $7,924,363, while total fund balance increased $195,046 to $8,168,350. The moderate increase in revenues was mostly offset by personnel costs. The ending fund balance is 31.01% of the fiscal year expenditures, exceeding the City's goal of 20% of expenditures.



The capital projects fund, a major fund, had a $66,127 decrease in fund balance during the fiscal year, which put the overall fund balance at $9,386,918. Intergovernmental revenue was down significantly from the prior year due to the end of ARRA funding.

The debt service fund's fund balance decreased by $283,490 during 2012. Debt service payments were almost $1.4 million higher than the previous year because the first payments were due for the 2011A and 2011B bonds this fiscal year. The timing of bond issuances and expenditures has allowed the City to maintain a fund balance in debt service in excess of $1.6 million. The fund balance will be used to help equalize the debt service property tax levy over the term of the current five-year capital improvement plan.

The fund balances of other governmental funds increased by $3,048,621 in comparison to 2011. Local option sales tax revenues were $825,498 higher than the prior year due to a recovery in local retail sales. As discussed earlier, the city's share of road use tax is higher ($533,922) because of the City's growth in population outpaced other municipalities in the state. The parks and recreation programs received a one-time gift of $1.7 million, which will be used for construction of a new park. The library also had a $300,000 donation, which will be used on the renovation project.



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

The combined net assets of the enterprise funds at June 30, 2012, totaled $497,700,685, of which 48.90% ($243,388,056) is unrestricted. This is a $39,265,071, or 8.57%, increase over the net assets in 2011. The net assets of the internal service funds are $19,446,287, a $287,405 increase over the 2011 net assets. Unrestricted net assets account for $12,271,214 (63.10%) of the total internal service fund net asset balance.

As noted earlier in the discussion of business-type activities, the increase in the hospital's net assets was approximately $13 million lower than the increase 2011. Net patient revenue was over $11 million higher than the prior year, but operating expenses were also approximately $9 million higher. The biggest change from last fiscal year to this fiscal year is the $13.2 million decrease in investment income. This is due to fluctuations in the value of equity instruments held by the hospital and the lack of increase in fixed income instruments as interest rates remain low.

Some of the other large changes in the proprietary funds are as follows: 1) water revenue increased almost $1,174,487 from 2011, primarily because of a rate increase, 2) electric costs of goods and services increased $1,364,034 in comparison with 2011 because of increases in the cost of fuel and purchased power, 3) sewer costs of goods and services were $1,162,076 higher than 2011 because of increased expenditures on the plant and the sanitary sewer collection system, and 4) transit capital contributions increased $2,868,740 due to contributions for the new intermodal facility.

Significant changes in the internal service funds include higher revenues and costs for health insurance due to increasing insurance rates. Risk insurance also increased ($856,649) because of increased premium costs for property and liability insurance and increased claim costs for the self-insured workers' compensation and health plans.

General Fund Budgetary Highlights

Original Budget Compared to Final Budget. There were two amendments to the City's 2011-2012 budget. The first amendment was passed in March 2012 to reflect carryovers of capital project expenditures. The second was passed in May to more accurately reflect year-end expenditures and revenues.

The primary sources of variation in the general fund budget include: 1) expenditures for projects not completed and carried over into the following period, 2) salary savings from open positions, 3) higher than anticipated license and permit revenue, and 4) the addition of budgeted expenses for City Hall improvements, a visioning project, and flood mitigation, all to be funded from fund balance available in excess of the target fund balance.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2012, amounts to $429,593,369 (net of accumulated depreciation), an increase of $13,513,182, or 3.25%, above the 2011 investment in capital assets. This investment

in capital assets includes land, buildings, infrastructure, plant and distribution systems, machinery, and equipment.

Some of the major capital asset additions include $6 million for the new intermodal facility, $2.2 million for CyRide (transit) buses, $3 million for a sewer water wall, $7.1 million for hospital equipment, and $11 million of construction in progress for the hospital expansion project. Additional information on the City's capital assets can be found in note IV(E) on pages 55-56 of this report.

City of Ames's Capital Assets (net of accumulated depreciation)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	$ 11,053,028	$ 11,145,390	$ 11,458,618	$ 10,786,317	$ 22,511,646	$ 21,931,707
Other nondepreciable assets	4,143,817	4,469,154	-	-	4,143,817	4,469,154
Depreciable assets	130,113,006	127,966,668	247,247,035	238,443,782	377,360,041	366,410,450
Construction in progress	1,347,107	2,403,346	24,230,758	20,865,530	25,577,865	23,268,876
Total	$146,656,958	$145,984,558	$282,936,411	$270,095,629	$429,593,369	$416,080,187

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of $129,229,107. Of this amount, $45,837,407 is debt backed by the full faith and credit of the government and $83,391,700 is revenue bonds issued by proprietary funds.

City of Ames's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
General obligation bonds, net	$ 43,633,557	$ 44,448,603	$ 2,203,850	$ 2,442,080	$ 45,837,407	$ 46,890,683
Revenue bonds	-	-	83,391,700	19,077,870	83,391,700	19,077,870
Loans payable	-	-	535,182	683,896	535,182	683,896
Notes payable	-	-	2,933,922	4,395,970	2,933,922	4,395,970
Total	$ 43,633,557	$ 44,448,603	$ 89,064,654	$ 26,599,816	$132,698,211	$ 71,048,419

The City's total debt increased by $61,649,792 (86.77%) during the current fiscal year. Most of this increase is due to the issuance of $65 million in revenue bonds to expand and remodel portions of the hospital's existing medical center facilities. The City also issued $6.675 million in general obligation bonds for street improvements and improvements to City Hall.

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, 2010, related to the 2011-2012 fiscal year. The current debt limitation for the City is $172,669,198. A portion of the outstanding general obligation debt is abated by revenue sources other than the property tax levy. Additional information on the City's long-term debt can be found in note IV(K) on pages 66-71 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following economic factors currently affect the City and were considered in developing the 2012-2013 fiscal year budget:

- An unemployment rate for the City of 4.1% for calendar year 2011, the same as the prior year's rate and lower than the rate for the State of Iowa (5.9%) and the nation (8.95%).
- A 4.2% increase in water rates to cover increased operating costs, finance the new water plant, and to extend utilities to the north and east.
- A 10% increase in sanitary sewer rates for plant maintenance, to satisfy discharge limits, and, again, to extend utilities to the north and east.
- The 2012-2013 budget decreased the overall property tax rate by $0.12 per $1,000 of taxable valuation. Lowering the rate was made possible by an improvement in the local option sales tax, growth in the community, and an increase in the rollback percentage.
- Taxable assessed valuation increased by 3.3%, primarily due to new construction and an increase in the rollback rate for residential property.
- Interest rates are expected to remain at near-record lows.
- Health insurance costs are predicted to increase by 5% for 2012-2013, and the City maintains a strong fund balance in the self-insured health insurance fund to absorb fluctuations in costs.

Requests for Information. This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, 515 Clark Avenue, Ames, Iowa, 50010.

Basic Financial Statements

City of Ames
Statement of Net Assets
June 30, 2012

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
ASSETS				
Current assets:				
Cash and cash equivalents	$ 47,627,111	$ 46,554,084	$ 94,181,195	$ 1,361,472
Investments	-	20,201,556	20,201,556	-
Taxes receivable	92,104	-	92,104	-
Special assessments receivable	267,942	-	267,942	-
Accrued interest receivable	138,327	137,615	275,942	-
Accounts receivable, net	372,636	32,003,504	32,376,140	741
Pledges receivable, net	-	-	-	3,292,113
Intergovernmental receivable	3,008,973	1,740,211	4,749,184	-
Loans receivable	37,920	-	37,920	-
Internal balances	(5,691,504)	5,691,504	-	-
Inventories	195,720	8,526,466	8,722,186	-
Assets held for resale	550,770	-	550,770	-
Prepaid items	126,051	1,999,279	2,125,330	-
Restricted current assets:				
Investments	-	1,107,608	1,107,608	-
Accrued interest receivable	-	955,211	955,211	-
Total current assets	46,726,050	118,917,038	165,643,088	4,654,326
Noncurrent assets:				
Long-term investments	-	23,666,854	23,666,854	10,324,672
Succeeding year taxes receivable	23,952,198	-	23,952,198	-
Long-term loans receivable	83,815	-	83,815	-
Long-term special assessments receivable	1,040,154	-	1,040,154	-
Deferred debt issuance costs	224,764	880,498	1,105,262	-
Non-depreciable assets	16,543,952	35,689,376	52,233,328	-
Depreciable assets, net of accumulated depreciation	130,113,006	247,247,035	377,360,041	-
Restricted noncurrent assets:				
Long-term investments	-	201,999,077	201,999,077	-
Total noncurrent assets	171,957,889	509,482,840	681,440,729	10,324,672
Total assets	218,683,939	628,399,878	847,083,817	14,978,998

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

City of Ames
Statement of Net Assets (continued)
June 30, 2012

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
LIABILITIES				
Current liabilities:				
Accounts payable	2,133,960	14,048,219	16,182,179	176,451
Accrued payroll	219,503	3,062,837	3,282,340	-
Accrued compensated absences	159,126	9,279,894	9,439,020	-
Accrued interest payable	102,725	221,152	323,877	-
Retainage payable	232,251	2,072,140	2,304,391	-
Customer deposits	94,881	908,107	1,002,988	-
Intergovernmental payable	168,275	364,773	533,048	-
Claims payable	646,300	764,175	1,410,475	-
Loans payable	-	155,851	155,851	-
Notes payable	-	1,519,386	1,519,386	-
Bonds payable, net	6,952,394	2,124,787	9,077,181	-
Unearned revenue	386,539	5,600	392,139	-
Accrued landfill post-closure costs	-	17,253	17,253	-
Total current liabilities	11,095,954	34,544,174	45,640,128	176,451
Noncurrent liabilities:				
Accrued compensated absences	1,821,880	1,334,111	3,155,991	-
Accrued other post-employment benefits	290,233	2,645,856	2,936,089	-
Claims payable	-	288,283	288,283	-
Loans payable	-	379,331	379,331	-
Notes payable	-	1,414,536	1,414,536	-
Bonds payable, net	36,681,163	83,470,763	120,151,926	-
Succeeding year unearned revenue	23,952,198	-	23,952,198	-
Accrued landfill post-closure costs	-	265,074	265,074	-
Total noncurrent liabilities	62,745,474	89,797,954	152,543,428	-
Total liabilities	73,841,428	124,342,128	198,183,556	176,451
NET ASSETS				
Net investment in capital assets	111,810,541	251,498,597	363,309,138	-
Restricted:				
Expendable for:				
Debt service	1,707,851	2,814,032	4,521,883	-
Capital projects	12,389,472	-	12,389,472	-
Law enforcement	56,325	-	56,325	-
Employee benefits	1,365,912	-	1,365,912	-
Library services	848,119	-	848,119	-
Aquatic center	89,681	-	89,681	-
Parks	1,704,768	-	1,704,768	-
Community welfare	4,814	-	4,814	-
Housing services	587,320	-	587,320	-
Economic development	149,216	-	149,216	-
Mary Greeley Medical Center	-	-	-	11,107,759
Non-expendable for:				
Perpetual care	890,716	-	890,716	-
Aquatic center	1,000,000	-	1,000,000	-
Bliss Cancer Endowment Fund	-	-	-	250,672
Unrestricted	12,237,776	249,745,121	261,982,897	3,444,116
Total net assets	$ 144,842,511	$ 504,057,750	$ 648,900,261	$ 14,802,547

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

City of Ames
Statement of Activities
For the Year Ended June 30, 2012

Functions / Programs:	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit
Primary government:								
Governmental activities:								
General government	$ 2,559,365	$ 118,459	$ 48,256	$ -	$ (2,392,650)	$ -	$ (2,392,650)	$ -
Public safety	15,144,853	2,864,844	123,088	263,063	(11,893,858)	-	(11,893,858)	-
Public works	14,938,688	6,601,518	102,517	2,647,266	(5,587,387)	-	(5,587,387)	-
Health and social services	1,159,849	-	19,710	-	(1,140,139)	-	(1,140,139)	-
Culture and recreation	8,818,851	2,031,204	265,371	2,074,753	(4,447,523)	-	(4,447,523)	-
Community and economic development	2,875,118	7,630	532,810	-	(2,334,678)	-	(2,334,678)	-
Interest	1,298,010	-	-	-	(1,298,010)	-	(1,298,010)	-
Total governmental activities	46,794,734	11,623,655	1,091,752	4,985,082	(29,094,245)		(29,094,245)	
Business-type activities:								
Mary Greeley Medical Center	155,374,830	171,389,850	26,618	-	-	16,041,638	16,041,638	-
Electric	50,159,375	57,195,559	-	-	-	7,036,184	7,036,184	-
Sewer	7,956,963	6,188,602	-	322,159	-	(1,446,202)	(1,446,202)	-
Water	6,630,919	8,824,494	-	273,147	-	2,466,722	2,466,722	-
Transit	10,002,499	4,828,097	2,347,014	8,375,718	-	5,548,330	5,548,330	-
Storm sewer	918,495	1,155,583	94,091	-	-	331,179	331,179	-
Parking lot	767,154	779,976	-	-	-	12,822	12,822	-
Resource recovery	4,184,929	3,583,946	283,463	-	-	(317,520)	(317,520)	-
Ice arena	521,670	475,743	-	20,000	-	(25,927)	(25,927)	-
Golf course	232,689	235,824	-	-	-	3,135	3,135	-
Total business-type activities	236,749,523	254,657,674	2,751,186	8,991,024	-	29,650,361	29,650,361	-
Total primary government	$ 283,544,257	$ 266,281,329	$ 3,842,938	$ 13,976,106	(29,094,245)	29,650,361	556,116	-
Component unit:								
Mary Greeley Medical Center Foundation	$ 1,034,952	$ -	$ 4,327,823	$ -				3,292,871
General revenues:								
Property taxes					23,485,295	-	23,485,295	-
Sales taxes					6,935,154	-	6,935,154	-
Hotel / motel taxes					1,518,571	-	1,518,571	-
Unrestricted grants and contributions					17,040	-	17,040	-
Investment income					436,302	4,197,199	4,633,501	(399,919)
Other income					314,699	-	314,699	-
Gain on disposal of capital assets					127,182	5,164,193	5,291,375	-
Transfers					(223,314)	223,314	-	-
Total general revenues and transfers					32,610,929	9,584,706	42,195,635	(399,919)
Change in net assets					3,516,684	39,235,067	42,751,751	2,892,952
Net assets, beginning					141,325,827	464,822,683	606,148,510	11,909,595
Net assets, ending					$ 144,842,511	$ 504,057,750	$ 648,900,261	$ 14,802,547

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

City of Ames
Balance Sheet
Governmental Funds
June 30, 2012

	General	Capital Projects	Debt Service	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 7,169,390	$ 9,813,730	$ 1,624,532	$ 15,836,193	$ 34,443,845
Taxes receivable	56,395	-	29,998	5,711	92,104
Special assessments receivable	-	267,942	-	-	267,942
Accrued interest receivable	60,297	15,694	4,880	17,287	98,158
Accounts receivable, net	332,318	-	-	5,821	338,139
Intergovernmental receivable	75,295	332,923	-	2,591,236	2,999,454
Loans receivable	-	-	-	37,920	37,920
Due from other funds	1,031,069	51,784	-	266,237	1,349,090
Inventories	40,001	-	-	82,325	122,326
Property held for resale	-	-	-	550,770	550,770
Prepaid items	56,234	-	-	3,111	59,345
Succeeding year taxes receivable	14,504,525	-	7,870,117	1,577,556	23,952,198
Long-term loans receivable	-	-	-	83,815	83,815
Long-term special assessments receivable	-	1,040,154	-	-	1,040,154
Total assets	$ 23,325,524	$ 11,522,227	$ 9,529,527	$ 21,057,982	$ 65,435,260
LIABILITIES					
Accounts payable	$ 250,062	$ 608,318	$ -	$ 427,557	$ 1,285,937
Accrued payroll	137,938	8,729	-	58,454	205,121
Retainage payable	-	213,744	-	18,507	232,251
Customer deposits	14,439	-	-	80,442	94,881
Intergovernmental payable	48,719	77,916	488	7,537	134,660
Due to other funds	175,447	51,093	-	1,094,500	1,321,040
Deferred revenue	26,044	1,175,509	-	833,588	2,035,141
Succeeding year deferred revenue	14,504,525	-	7,870,117	1,577,556	23,952,198
Total liabilities	15,157,174	2,135,309	7,870,605	4,098,141	29,261,229
FUND BALANCES (DEFICITS)					
Nonspendable	96,235	-	-	1,976,152	2,072,387
Restricted	-	9,238,918	1,658,922	13,723,563	24,621,403
Committed	-	-	-	1,399,913	1,399,913
Assigned	147,752	148,000	-	168,669	464,421
Unassigned	7,924,363	-	-	(308,456)	7,615,907
Total fund balances (deficits)	8,168,350	9,386,918	1,658,922	16,959,841	36,174,031
Total liabilities and fund balances (deficits)	$ 23,325,524	$ 11,522,227	$ 9,529,527	$ 21,057,982	$ 65,435,260

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

City of Ames
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2012

Amounts reported for governmental activities in the statement of net assets (page 25) are different because:	
Fund balance - total governmental funds (page 27)	$ 36,174,031
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	139,481,885
Issuance costs on long-term liabilities are deferred and amortized over the life of the debt.	224,764
Revenues not collected within 60 days of the end of the fiscal year are not available to pay for current period expenditures and, therefore, are deferred:	
Hotel / motel tax	133,184
Special assessments	1,040,154
Other revenues	527,463
Internal service funds are used by management to charge the costs of fleet management, information services, risk management, and health insurance to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net assets.	13,089,222
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
General obligation bonds payable	(43,063,614)
Interest payable on general obligation bonds	(102,725)
Deferred charges on general obligation bonds refunded	10,726
Unamortized premiums on the issuance of general obligation bonds	(580,669)
Accrued compensated absences	(1,826,157)
Net other post-employment benefits payable	(265,753)
Net assets of governmental activities	$ 144,842,511

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

City of Ames
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	General	Capital Projects	Debt Service	Total Nonmajor Funds	Total Governmental Funds
REVENUES					
Taxes	$ 14,381,526	$ -	$ 7,648,326	$ 9,878,711	$ 31,908,563
Special assessments	-	217,885	-	-	217,885
Licenses and permits	1,327,206	-	-	-	1,327,206
Intergovernmental	317,950	1,970,938	48,256	6,761,281	9,098,425
Charges for services	4,025,218	-	-	13,879	4,039,097
Fines and forfeitures	214,641	-	-	-	214,641
Investment income	163,696	65,647	41,835	49,515	320,693
Miscellaneous	539,082	66,164	-	2,386,237	2,991,483
Total revenues	20,969,319	2,320,634	7,738,417	19,089,623	50,117,993
EXPENDITURES					
Current:					
General government	2,302,576	-	-	102,689	2,405,265
Public safety	14,861,727	-	-	76,810	14,938,537
Public works	1,678,384	-	-	3,859,820	5,538,204
Health and social services	-	-	-	1,159,849	1,159,849
Culture and recreation	6,830,773	-	-	394,021	7,224,794
Community and economic development	667,608	-	-	2,203,251	2,870,859
Debt service:					
Principal	-	-	7,385,280	-	7,385,280
Interest and fiscal charges	-	-	1,389,368	-	1,389,368
Capital outlay	-	8,521,695	-	2,362,754	10,884,449
Total expenditures	26,341,068	8,521,695	8,774,648	10,159,194	53,796,605
Excess (deficiency) of revenues over (under) expenditures	(5,371,749)	(6,201,061)	(1,036,231)	8,930,429	(3,678,612)
OTHER FINANCING SOURCES (USES)					
Transfers in	7,616,489	49,812	704,084	106,369	8,476,754
Transfers out	(2,049,694)	(589,878)	-	(5,988,177)	(8,627,749)
Other income	-	-	35,772	-	35,772
General obligation bonds issued	-	6,675,000	-	-	6,675,000
Premium on general obligation bonds	-	-	12,885	-	12,885
Total other financing sources (uses)	5,566,795	6,134,934	752,741	(5,881,808)	6,572,662
Net change in fund balances	195,046	(66,127)	(283,490)	3,048,621	2,894,050
Fund balances, beginning	7,973,304	9,453,045	1,942,412	13,911,220	33,279,981
Fund balances, ending	$ 8,168,350	$ 9,386,918	$ 1,658,922	$ 16,959,841	$ 36,174,031

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

City of Ames
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2012

Amounts reported for governmental activities in the statement of activities (page 26) are different because:	
Net changes in fund balances - total governmental funds (page 29)	$ 2,894,050
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Hotel / motel tax	31,243
Special assessments	(170,409)
Other revenues	(376,498)
Contributed capital assets do not provide current financial resources.	671,240
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	7,994,094
Disposals	(837,531)
Depreciation expense	(7,792,614)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Current year debt issuance costs	27,835
Amortization of debt issuance costs	(39,187)
Current year premium on issuance of bonds	(12,885)
Amortization of bond premiums	121,653
Amortization of deferred charges on refunding debt	(4,002)
Proceeds from issuance of bonds	(6,675,000)
Principal payments	7,385,280
Interest payments	12,894
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Additions to accrued compensated absences	(51,958)
Decrease to accrued other post-employment benefits	21,070
The internal service funds are used by management to charge the costs of fleet management, information services, risk management, and health insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	317,409
Changes in net assets of governmental activities	$ 3,516,684

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

City of Ames
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Business-type Activities							Governmental Activities
	Mary Greeley Medical Center	Electric	Sewer	Water	Transit	Other Enterprise Funds	Totals	Internal Service Funds
ASSETS								
Current assets:								
Cash and cash equivalents	$ 16,106,578	$ 7,287,862	$ 5,190,684	$ 8,154,302	$ 3,313,440	$ 5,285,125	$ 45,337,991	$ 14,399,359
Investments	-	20,201,556	-	-	-	-	20,201,556	-
Accrued interest receivable	-	67,047	16,429	25,115	10,161	15,192	133,944	43,840
Accounts receivable, net	21,721,230	7,892,893	717,098	1,067,072	92,122	513,089	32,003,504	34,497
Due from other funds	-	87,126	36,536	154,641	10,263	68,639	357,205	350,175
Intergovernmental receivable	-	213,435	8,181	2,921	1,052,148	463,526	1,740,211	9,519
Inventories	3,165,455	4,768,272	-	188,964	382,894	20,881	8,526,466	73,394
Prepaid items	1,995,173	100	2,240	444	-	1,322	1,999,279	66,706
Restricted current assets:								
Investments	1,107,608	-	-	-	-	-	1,107,608	-
Interest receivable	955,211	-	-	-	-	-	955,211	-
Total current assets	45,051,255	40,518,291	5,971,168	9,593,459	4,861,028	6,367,774	112,362,975	14,977,490
Noncurrent assets:								
Investments	9,139,469	14,527,385	-	-	-	-	23,666,854	-
Deferred debt issuance costs, net	871,156	-	-	9,342	-	-	880,498	-
Capital assets:								
Land	4,559,469	1,833,520	1,910,222	1,478,593	41,500	1,635,314	11,458,618	-
Land improvements	1,324,260	-	-	-	149,806	1,561,376	3,035,442	192,433
Plant and distribution systems	-	166,174,844	72,323,965	57,589,106	-	-	296,087,915	-
Buildings	107,593,630	-	-	-	19,813,591	12,994,763	140,401,984	551,493
Equipment	109,931,718	-	-	-	19,346,307	6,521,740	135,799,765	14,762,462
Construction in progress	12,202,779	10,774,274	846,490	407,215	-	-	24,230,758	-
Less accumulated depreciation	(125,000,579)	(115,042,088)	(41,448,920)	(21,545,670)	(12,443,032)	(12,597,782)	(328,078,071)	(8,331,315)
Restricted noncurrent assets:								
Investments	201,999,077	-	-	-	-	-	201,999,077	-
Total noncurrent assets	322,620,979	78,267,935	33,631,757	37,938,586	26,908,172	10,115,411	509,482,840	7,175,073
Total assets	367,672,234	118,786,226	39,602,925	47,532,045	31,769,200	16,483,185	621,845,815	22,152,563

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

City of Ames
Statement of Net Assets (continued)
Proprietary Funds
June 30, 2012

	Business-type Activities							Governmental Activities
	Mary Greeley Medical Center	Electric	Sewer	Water	Transit	Other Enterprise Funds	Totals	Internal Service Funds
LIABILITIES								
Current liabilities:								
Accounts payable	9,927,415	2,313,176	763,279	256,235	465,909	185,100	13,911,114	985,128
Accrued payroll	2,766,792	133,290	9,842	14,105	120,452	18,356	3,062,837	14,382
Accrued compensated absences	9,203,891	35,148	7,255	9,539	17,477	6,412	9,279,722	7,118
Due to other funds	-	354,006	137,895	126,716	18,530	70,150	707,297	28,133
Claims payable	-	-	-	-	-	-	-	1,410,475
Retainage payable	1,426,322	172,106	33,360	70,735	360,671	8,946	2,072,140	-
Customer deposits	-	908,107	-	-	-	-	908,107	-
Accrued interest	182,819	31,234	-	7,099	-	-	221,152	-
Loans payable - current	-	-	-	-	17,500	138,351	155,851	-
Notes payable - current	1,519,386	-	-	-	-	-	1,519,386	-
Intergovernmental payable	-	110,032	5,912	27,186	158,661	62,982	364,773	33,615
Accrued landfill post-closure costs	-	-	-	-	-	17,253	17,253	-
Bonds payable - current	1,880,000	-	-	244,787	-	-	2,124,787	-
Unearned revenue	-	-	-	-	-	5,600	5,600	52,199
Total current liabilities	26,906,625	4,057,099	957,543	756,402	1,159,200	513,150	34,350,019	2,531,050
Noncurrent liabilities:								
Accrued compensated absences	-	630,216	140,078	175,367	275,126	110,957	1,331,744	150,270
Post-employment benefits	2,419,117	97,010	26,517	30,351	44,589	27,796	2,645,380	24,956
Claims payable	288,283	-	-	-	-	-	288,283	-
Loans payable	-	-	-	-	52,500	326,831	379,331	-
Notes payable	1,414,536	-	-	-	-	-	1,414,536	-
Accrued landfill post-closure costs	-	-	-	-	-	265,074	265,074	-
Bonds payable, net	81,511,700	-	-	1,959,063	-	-	83,470,763	-
Total noncurrent liabilities	85,633,636	727,226	166,595	2,164,781	372,215	730,658	89,795,111	175,226
Total liabilities	112,540,261	4,784,325	1,124,138	2,921,183	1,531,415	1,243,808	124,145,130	2,706,276
NET ASSETS								
Net investment in capital assets	81,912,495	63,740,550	33,631,757	35,725,394	26,838,172	9,650,229	251,498,597	7,175,073
Restricted for debt service	2,814,032	-	-	-	-	-	2,814,032	-
Unrestricted	170,405,446	50,261,351	4,847,030	8,885,468	3,399,613	5,589,148	243,388,056	12,271,214
Total net assets	$ 255,131,973	$ 114,001,901	$ 38,478,787	$ 44,610,862	$ 30,237,785	$ 15,239,377	497,700,685	$ 19,446,287
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time							6,357,065	
Net assets of business-type activities							$ 504,057,750	

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

City of Ames
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2012

	Business-type Activities							Governmental Activities
	Mary Greeley Medical Center	Electric	Sewer	Water	Transit	Other Enterprise Funds	Totals	Internal Service Funds
Operating revenues:								
Charges for services	$ 171,389,850	$ 57,195,559	$ 6,188,602	$ 8,824,494	$ 4,828,097	$ 6,231,072	$ 254,657,674	$ 14,394,016
Operating expenses:								
Cost of goods and services	115,685,113	45,801,509	5,687,881	5,004,178	6,613,850	5,900,195	184,692,726	13,271,720
Administration	24,279,765	1,057,343	301,379	341,694	1,596,758	234,481	27,811,420	-
Depreciation	14,096,252	3,217,121	1,993,790	1,202,293	1,746,677	531,284	22,787,417	987,963
Total operating expenses	154,061,130	50,075,973	7,983,050	6,548,165	9,957,285	6,665,960	235,291,563	14,259,683
Operating income (loss)	17,328,720	7,119,586	(1,794,448)	2,276,329	(5,129,188)	(434,888)	19,366,111	134,333
Non-operating revenues (expenses):								
Intergovernmental	26,618	-	-	-	2,347,014	119,041	2,492,673	-
Reimbursements	-	-	-	-	-	258,513	258,513	-
Investment income	3,707,200	302,711	47,032	68,815	30,833	40,608	4,197,199	115,609
Interest expense	(1,313,700)	(2,734)	-	(92,947)	-	(18,575)	(1,427,956)	-
Gain (loss) on disposal of capital assets	5,169,693	-	-	-	(5,500)	-	5,164,193	109,782
Total non-operating revenues (expenses)	7,589,811	299,977	47,032	(24,132)	2,372,347	399,587	10,684,622	225,391
Income (loss) before capital contributions and transfers	24,918,531	7,419,563	(1,747,416)	2,252,197	(2,756,841)	(35,301)	30,050,733	359,724
Capital contributions	-	-	322,159	273,147	8,375,718	20,000	8,991,024	-
Transfers in	-	185,633	61,686	-	1,374,879	472,862	2,095,060	175,000
Transfers out	-	(1,871,746)	-	-	-	-	(1,871,746)	(247,319)
Change in net assets	24,918,531	5,733,450	(1,363,571)	2,525,344	6,993,756	457,561	39,265,071	287,405
Net assets, beginning	230,213,442	108,268,451	39,842,358	42,085,518	23,244,029	14,781,816		19,158,882
Net assets, ending	$ 255,131,973	$ 114,001,901	$ 38,478,787	$ 44,610,862	$ 30,237,785	$ 15,239,377		$ 19,446,287
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds							(30,004)	
Change in net assets of business-type activities							$ 39,235,067	

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

City of Ames
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012

	Business-type Activities							Governmental Activities
	Mary Greeley Medical Center	Electric	Sewer	Water	Transit	Other Enterprise Funds	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from customers	$ 166,143,833	$ 57,673,442	$ 6,065,391	$ 8,536,308	$ 4,894,426	$ 6,153,800	$ 249,467,200	$ 14,465,785
Other receipts	5,904,383	-	-	-	-	-	5,904,383	-
Payments to suppliers	(62,212,259)	(35,381,247)	(1,682,861)	(1,702,816)	(2,238,102)	(2,722,761)	(105,940,046)	(9,975,423)
Payments to employees	(75,747,055)	(8,719,439)	(2,310,453)	(2,340,323)	(5,648,409)	(2,355,572)	(97,121,251)	(1,916,301)
Payments to other funds for services provided	-	(2,199,341)	(1,352,012)	(1,264,140)	(458,376)	(1,092,497)	(6,366,366)	(600,013)
Net cash provided by (used for) operating activities	34,088,902	11,373,415	720,065	3,229,029	(3,450,461)	(17,030)	45,943,920	1,974,048
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES								
Operating grants	26,618	-	-	-	2,347,014	119,041	2,492,673	-
Reimbursements	-	-	-	-	-	258,513	258,513	-
Transfers in	-	185,633	61,686	-	1,374,879	472,862	2,095,060	175,000
Transfers out	-	(1,871,746)	-	-	-	-	(1,871,746)	(247,319)
Net cash provided by (used for) non-capital financing activities	26,618	(1,686,113)	61,686	-	3,721,893	850,416	2,974,500	(72,319)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Acquisition and construction of capital assets	(17,703,779)	(5,141,094)	(1,064,174)	(2,522,781)	(8,432,897)	(187,768)	(35,052,493)	(1,797,867)
Proceeds from the sale of capital assets	6,546,043	-	-	-	2,650	-	6,548,693	282,474
Proceeds from issuance of bonds	65,716,598	-	-	-	-	-	65,716,598	-
Principal paid on capital debt	(1,375,000)	-	-	(234,720)	-	-	(1,609,720)	-
Interest paid on capital debt	(3,829,075)	(8,108)	-	(95,994)	-	-	(3,933,177)	-
Principal paid on notes payable	(1,462,048)	-	-	-	-	-	(1,462,048)	-
Principal paid on loans	-	-	-	-	(17,500)	(131,214)	(148,714)	-
Interest paid on loans	-	-	-	-	-	(18,575)	(18,575)	-
Capital contributions	-	-	72,960	87,040	8,375,718	20,000	8,555,718	-
Net provided by (used for) capital and related financing activities	47,892,739	(5,149,202)	(991,214)	(2,766,455)	(72,029)	(317,557)	38,596,282	(1,515,393)
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchase of investments	(143,473,115)	(44,566,552)	-	-	-	-	(188,039,667)	-
Proceeds from sale of investments	59,030,246	45,493,741	-	-	-	-	104,523,987	-
Interest on investments	5,140,005	255,404	51,164	73,218	33,358	43,334	5,596,483	125,004
Net cash provided by (used for) investing activities	(79,302,864)	1,182,593	51,164	73,218	33,358	43,334	(77,919,197)	125,004
Net increase (decrease) in cash and cash equivalents	2,705,395	5,720,693	(158,299)	535,792	232,761	559,163	9,595,505	511,340
Cash and cash equivalents, beginning	13,401,183	1,567,169	5,348,983	7,618,510	3,080,679	4,725,962	35,742,486	13,888,019
Cash and cash equivalents, ending	$ 16,106,578	$ 7,287,862	$ 5,190,684	$ 8,154,302	$ 3,313,440	$ 5,285,125	$ 45,337,991	$ 14,399,359

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

City of Ames
Statement of Cash Flows (continued)
Proprietary Funds
For the Year Ended June 30, 2012

	Business-type Activities							Governmental Activities
	Mary Greeley Medical Center	Electric	Sewer	Water	Transit	Other Enterprise Funds	Totals	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:								
Operating income (loss)	$ 17,328,720	$ 7,119,586	$ (1,794,448)	$ 2,276,329	$ (5,129,188)	$ (434,888)	$ 19,366,111	$ 134,333
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:								
Depreciation expense	14,096,252	3,217,121	1,993,790	1,202,293	1,746,677	531,284	22,787,417	987,963
(Increase) decrease in accounts receivable	9,722,951	(898,918)	(119,626)	(191,147)	(61,657)	(90,634)	8,360,969	63,600
Reclassification of other assets	(9,287,324)	-	-	-	-	-	(9,287,324)	-
(Increase) decrease in due from other funds	-	4,142	927	(102,374)	(3,393)	34,043	(66,655)	9,912
(Increase) decrease in intergovernmental receivable	-	1,428,716	(4,512)	5,335	131,379	(20,906)	1,540,012	(4,942)
(Increase) decrease in inventories	3,445	347,803	-	30,171	(88,222)	3,713	296,910	(5,905)
(Increase) decrease in prepaid items	(166,172)	155,085	(1,580)	4,378	-	(55)	(8,344)	17,045
Increase (decrease) in accounts payable	478,841	183,363	633,180	19,148	(372,463)	(2,592)	939,477	270,671
Increase (decrease) in accrued payroll	514,395	9,490	441	(1,290)	(4,584)	936	519,388	394
Increase (decrease) in accrued compensated absences	(112,410)	(11,328)	1,519	(12,879)	5,282	(15,789)	(145,605)	18,604
Increase (decrease) in due to other funds	-	(119,837)	14,855	(29,441)	(3,674)	(4,076)	(142,173)	5,580
Increase (decrease) in claims payable	31,521	-	-	-	-	-	31,521	475,524
Increase (decrease) in retainage payable	1,356,952	26,198	2,739	25,387	276,200	5,820	1,693,296	-
Increase (decrease) in customer deposits	-	(56,057)	-	-	-	-	(56,057)	-
Increase (decrease) in intergovernmental payable	-	(24,258)	(5,118)	5,525	56,717	(6,733)	26,133	49
Increase (decrease) in accrued landfill post-closure costs	-	-	-	-	-	(15,176)	(15,176)	-
Increase (decrease) in unearned revenue	-	-	-	-	-	225	225	3,199
Increase (decrease) in post-employment benefits	121,731	(7,691)	(2,102)	(2,406)	(3,535)	(2,202)	103,795	(1,979)
Total adjustments	16,760,182	4,253,829	2,514,513	952,700	1,678,727	417,858	26,577,809	1,839,715
Net cash provided by (used for) operating activities	$ 34,088,902	$ 11,373,415	$ 720,065	$ 3,229,029	$ (3,450,461)	$ (17,030)	$ 45,943,920	$ 1,974,048
Schedule of non-cash capital and related financing activities:								
Unrealized increases (decreases) in the fair value of investments	$ (1,422,386)	$ (24,796)	$ (6,702)	$ (9,521)	$ (4,272)	$ (5,676)	$ (1,473,353)	$ (16,197)
Capital asset contributions	-	-	249,199	186,107	-	-	435,306	-
Capital asset trade ins	-	-	-	-	-	-	-	20,450
Total non-cash capital and related financing activities	$ (1,422,386)	$ (24,796)	$ 242,497	$ 176,586	$ (4,272)	$ (5,676)	$ (1,038,047)	$ 4,253

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

City of Ames
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2012

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 310,990
Total assets	$ 310,990
LIABILITIES	
Accounts payable	$ 21,441
Due to other governments	289,549
Total liabilities	$ 310,990

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

I. Summary of significant accounting policies

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

B. Reporting entity

The City of Ames, Iowa (City) was incorporated in 1869 under the laws of the State of Iowa, later amended in July 1975 under the Home Rule City Act. The City is a municipal corporation governed by an elected mayor and six-member governing council. The accompanying financial statements present the government and its component unit, for which the City is considered to be financially accountable. Each discretely presented component unit is reported as a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The City operates a non-profit municipal hospital, Mary Greeley Medical Center (hospital). A separately-elected board of trustees governs the hospital's daily operations. The powers of the trustees are established by City ordinance, which limits both the separate legal standing and fiscal independence of the hospital. The hospital is reported as an enterprise fund. Financial statements for the hospital are available at Mary Greeley Medical Center, 1111 Duff Avenue, Ames, Iowa, 50010.

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

I. Summary of significant accounting policies (continued)

C. Basis of presentation - government-wide financial statements

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

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

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

D. Basis of presentation - fund financial statements

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

The City reports the following major governmental funds:

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

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

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

I. Summary of significant accounting policies (continued)

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

The City reports the following major enterprise funds:

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

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

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

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

The *transit fund* accounts for the City's transit services.

Additionally, the City reports the following fund types:

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

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

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.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from / to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

I. Summary of significant accounting policies (continued)

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

Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in / out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement focus and basis of accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the 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

I. Summary of significant accounting policies (continued)

E. Measurement focus and basis of accounting (continued)

due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable within the current fiscal period is considered to be revenue of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred, all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

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

F. Budgetary information

1. Budgetary basis of accounting

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

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

I. Summary of significant accounting policies (continued)

F. Budgetary information (continued)

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 required supplementary information reflect the original and the revised budget.

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

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

Appropriations in all budgeted funds lapse at the end of the fiscal year, even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances are re-appropriated and become part of the subsequent year's budget.

2. Excess of expenditures over appropriations

For the year ended June 30, 2012, there were no expenditures that exceeded appropriations.

I. Summary of significant accounting policies (continued)

G. Assets, liabilities, and net assets / fund balance

1. Cash and cash equivalents

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

2. Investments

Investments of the City are reported at fair value (generally based on quoted market prices) except for the position in the Iowa Public Agency Investment Trust (IPAIT). In accordance with state law, IPAIT operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, IPAIT qualifies as a 2a7-like pool and is reported as the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

3. Inventories and prepaid items

Inventories are maintained on a perpetual basis. Materials, supplies, 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. The cost of such inventories is recorded as expenditures / expenses when consumed rather than when purchased. 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 the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures / expenses when consumed rather than when purchased.

4. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, traffic signals, bridges, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years.
In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City chose to include all such items

I. Summary of significant accounting policies (continued)

G. Assets, liabilities, and net assets / fund balance (continued)

regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances. No interest expense was included as part of the cost of capital assets under construction in connection with the hospital construction projects.

Land, public art, the library collection, and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the City are depreciated using the straight-line method over the following estimated useful lives:

Capital asset class	Life (yrs)
Buildings	25-45
Improvements	20-40
Machinery and equipment	3-50
General infrastructure	15-50
Plant and distribution system	25-50

5. Net asset flow assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted and unrestricted net assets in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net assets to have been depleted before unrestricted net assets.

I. Summary of significant accounting policies (continued)

G. Assets, liabilities, and net assets / fund balance (continued)

6. Fund balance flow assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies

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

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

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

I. Summary of significant accounting policies (continued)

H. Revenues and expenditures / expenses

1. Program revenues

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

2. Property taxes

Property taxes attach as an enforceable lien on real property and are levied on July 1st prior to the fiscal year for which they are to be collected. The tax levy is divided into two billings with one half due September 30th and the other half due March 31st.

3. Net patient service revenue

Net patient service revenue of the hospital is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered. Retroactive adjustments under reimbursement agreements with third-party payers are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

4. Compensated absences

Vacation and compensatory time

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

Sick leave

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

I. Summary of significant accounting policies (continued)

H. Revenues and expenditures / expenses (continued)

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

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

II. Reconciliation of government-wide and fund financial statements

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

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net assets of governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that, "Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds." The details of this $139,481,885 are as follows:

Land	$ 11,053,028
Land improvements	1,384,118
Public art collection	494,719
Library collection	2,264,980
Construction in progress	1,347,107
Buildings	14,049,557
Less: accumulated depreciation - buildings	(7,671,079)
Equipment	4,345,921
Less: accumulated depreciation - equipment	(2,052,413)
Infrastructure	196,822,542
Less: accumulated depreciation - infrastructure	(82,556,595)
Net adjustment to increase *fund balance - total governmental funds* to arrive at *net assets in governmental activities*	$ 139,481,885

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

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

Another element of that reconciliation explains, "Internal service funds are used by management to charge the costs of fleet management, information services, risk management, and health insurance to individual funds. The assets and liabilities of internal service funds are included in the governmental activities in the statement of net assets."

The details of this $13,089,222 are as follows:

Net assets of the internal service funds	$ 19,446,287
Less: Internal payable representing charges in excess of cost to business-type activities - prior years	(6,387,069)
Less: Internal payable representing charges in excess of cost to business-type activities - current year	30,004
	$ 13,089,222

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation states that, "The internal service funds are used by management to charge the costs of fleet management, information services, risk management, and health insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities." The details of this $317,409 are as follows:

Change in net assets of the internal service funds	$ 287,405
Plus: loss from charges to business-type activities	30,004
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$ 317,409

III. Stewardship, compliance, and accountability

A. Violations of legal or contractual provisions

As stated in Note I(F)(2), *Excess of expenditures over appropriations*, there were no budgetary violations that occurred in the fiscal year ended June 30, 2012.

B. Deficit fund equity

At June 30, 2012, the FEMA fund, a nonmajor special revenue fund, has a deficit fund balance of $308,456 due to uncollected grant revenue. The revenue will be collected in fiscal year 2012-2013 when all FEMA claims are processed and settled.

IV. Detailed notes on all activities and funds

A. Cash deposits with financial institutions

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2012, the City's deposits were entirely covered by federal depository insurance or collateralized in accordance with chapter 12c of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds. The amount of pledged collateral is based on an approved method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using this method report the adequacy of their pooled collateral covering uninsured deposits to the State Treasurer, who does not confirm the information with the City. Because of the inability to measure the exact amounts of collateral pledged for the City under this method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer enforces strict standards of financial stability for each depository that collateralizes public deposits.

B. Investments

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

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

B. Investments (continued)

Authorized Investment Type	Maximum Maturity for Operating Funds (Days)	Maximum Maturity for Non-operating Funds (Years)	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury obligations	397	7	n/a	n/a
U.S. Agency securities	397	7	n/a	n/a
Certificates of deposit	397	7	n/a	n/a
Prime banker's acceptances	270	270 days	10%	5%
Commercial paper	270	270 days	10%	5%
Repurchase agreements	397	7	n/a	n/a
Constant-dollar money market funds	397	7	n/a	n/a
Joint investment trusts	397	7	n/a	n/a
Warrants of improvement certificates of a levee or drainage district	397	7	n/a	n/a
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	n/a	5%

At June 30, 2012, the City had the following investments:

Investment Type	Fair Value	Maturity
Commercial paper	$ 3,498,235	07/30/12 - 10/15/12
U.S. Agency coupon securities	107,088,684	12/28/12 - 05/15/41
U.S. Agency pass-through securities	592,295	09/01/12 - 10/01/14
U.S. Treasury notes	20,497,362	12/31/12 - 02/15/36
Municipal bonds	31,264,162	10/01/12 - 06/01/39
Mutual funds	75,957,043	n/a
Corporate debt securities	7,189,292	n/a
	$ 246,087,073	

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

B. Investments (continued)

Interest rate risk. One of the ways that the City manages exposure to interest rate risk is by purchasing a combination of short- and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Investments are purchased with the intent to hold until maturity.

The following provides information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations:

		Remaining Maturity			
Investment Type	Fair Value	12 Months or Less	13 - 24 Months	25-60 Months	More Than 60 Months
Commercial paper	$ 3,498,235	$ 3,498,235	$ -	$ -	$ -
U.S. Agency coupon securities	107,088,684	17,884,080	15,598,040	23,240,779	50,365,785
U.S. Agency pass-through securities	592,295	279,803	312,492	-	-
U.S. Treasury notes	20,497,362	16,047,140	-	320,274	4,129,948
Municipal bonds	31,264,162	2,082,670	-	1,041,480	28,140,012
Mutual funds	75,957,043	75,957,043	-	-	-
Corporate debt securities	7,189,292	7,189,292	-	-	-
	$ 246,087,073	$ 122,938,263	$ 15,910,532	$ 24,602,533	$ 82,635,745

The City's investments include the federal agency pass-through securities ($592,295), which 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.

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

1. Limiting investments to those authorized by the investment policy,

2. Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with whom the City will do business,

3. Diversifying the investment portfolio by agency and issuer so that potential losses on individual securities can be minimized, and

4. Holding a minimum of 5% of the total portfolio in highly-marketable, short-term treasuries, checking with interest, government pooled account, or a combination of all three.

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

B. Investments (continued)

The following shows the actual ratings as of June 30, 2012, for each investment type:

Investment Type	Fair Value	Rating
Commercial paper	$ 3,498,235	A1 / P1
U.S. Agency coupon securities	107,088,684	AAA
U.S. Agency pass-through securities	592,295	AAA
U.S. Treasury notes	20,497,362	AAA
Municipal bonds	31,264,162	Baa to Aaa
Mutual funds	75,957,043	n/a
Corporate debt securities	7,189,292	AAA
	$ 246,087,073	

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

Issuer	Investment Type	Amount	Percent of Portfolio
Federal National Mortgage Association	U.S. agency securities	$ 41,131,358	16.71%
Federal Home Loan Mortgage Co.	U.S. agency securities	$ 35,577,234	14.46%
Federal Home Loan Bank	U.S. agency securities	$ 17,785,149	7.23%

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

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

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

B. Investments (continued)

2. City investment officials shall be bonded to protect loss of public funds against possible embezzlement and/or malfeasance, and

3. The investment officer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse. The internal controls shall address the following points:

    a. Control of collusion,

    b. Separation of transaction authority from accounting and record keeping,

    c. Custodial safekeeping,

    d. Delivery versus payment,

    e. Clear delegation of authority, and

    f. Confirmation of transactions for investments and wire transfers.

As of June 30, 2012, the City's investments in the following were held by the same third-party custodian that was used by the City to buy the securities and evidenced by safekeeping receipts:

Issuer	Investment Type	Amount
Federal National Mortgage Association	U.S. agency securities	$ 41,131,358
Federal Home Loan Mortgage Co.	U.S. agency securities	$ 35,577,234
Federal Home Loan Bank	U.S. agency securities	$ 17,785,149
Federal Farm Credit	U.S. agency securities	$ 7,384,963
Abbey National, LLC	Commercial paper	$ 3,498,235

Foreign currency risk. As of June 30, 2012, the City had no exposure to foreign currency rate risk.

The City has a written investment policy, approved by the City Council, available for review in the offices of the City Clerk and the City Treasurer. This policy addresses the different areas of risk.

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

C. Foundation investments

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

The following is a detail of the foundation's investments at June 30, 2012:

Investment Type	Fair Value
Equity mutual funds	$ 8,700,960
U.S. Treasury notes	59,472
Government agencies	178,027
Corporate debt securities	1,336,213
Certificates of deposit	50,000
	$ 10,324,672

D. Receivables

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

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

E. Capital assets

Capital asset activity for the fiscal year ended June 30, 2012, is as follows:

Governmental activities:

	Balance June 30, 2011	Increases	Decreases	Balance June 30, 2012
Non-depreciable capital assets:				
Land	$ 11,145,390	$ 35,238	$ (127,600)	$ 11,053,028
Land improvements	1,384,118	-	-	1,384,118
Public art collection	465,519	29,200	-	494,719
Library collection	2,619,517	348,819	(703,356)	2,264,980
Construction in progress	2,403,346	963,647	(2,019,886)	1,347,107
Total non-depreciable capital assets	18,017,890	1,376,904	(2,850,842)	16,543,952
Depreciable capital assets:				
Buildings	14,583,038	25,813	(7,800)	14,601,051
Equipment	18,499,153	2,025,539	(1,429,979)	19,094,713
Infrastructure	188,466,653	9,075,281	(526,960)	197,014,974
	221,548,844	11,126,633	(1,964,739)	230,710,738
Less accumulated depreciation:				
Buildings	7,825,836	364,787	(6,825)	8,183,798
Equipment	9,616,095	1,306,118	(1,236,836)	9,685,377
Infrastructure	76,140,245	7,109,672	(521,360)	82,728,557
	93,582,176	8,780,577	(1,765,021)	100,597,732
Total depreciable capital assets	127,966,668	2,346,056	(199,718)	130,113,006
Total capital assets	$ 145,984,558	$ 3,722,960	$ (3,050,560)	$ 146,656,958

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

General government	$ 240,128
Public safety	563,275
Public works	6,970,868
Culture and recreation	994,102
Community and economic development	12,204
Total depreciation expense - governmental activities	$ 8,780,577

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

E. Capital assets (continued)

Business-type activities:

	Balance June 30, 2011	Increases	Decreases	Balance June 30, 2012
Non-depreciable capital assets:				
Land	$ 10,786,317	$ 887,819	$ (215,518)	$ 11,458,618
Construction in progress	20,865,530	12,640,211	(9,274,983)	24,230,758
Total non-depreciable capital assets	31,651,847	13,528,030	(9,490,501)	35,689,376
Depreciable capital assets:				
Plant and distribution systems	285,581,226	10,570,955	(64,266)	296,087,915
Buildings	131,175,900	10,469,727	(1,243,643)	140,401,984
Equipment	129,696,223	11,718,971	(5,601,759)	135,813,435
Improvements	3,051,394	-	(15,952)	3,035,442
	549,504,743	32,759,653	(6,925,620)	575,338,776
Less accumulated depreciation:				
Plant and distribution systems	171,687,742	6,413,204	(64,268)	178,036,678
Buildings	56,929,284	4,838,504	(248,727)	61,519,061
Equipment	80,696,356	11,415,804	(5,434,669)	86,677,491
Improvements	1,747,579	119,905	(8,973)	1,858,511
	311,060,961	22,787,417	(5,756,637)	328,091,741
Total depreciable capital assets	238,443,782	9,972,236	(1,168,983)	247,247,035
Total capital assets	$ 270,095,629	$ 23,500,266	$ (10,659,484)	$ 282,936,411

F. Pension obligations

Iowa Public Employees Retirement System (IPERS)

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

Funding policy. Iowa state law requires participating employers and members to contribute to IPERS. Each year, an actuary calculates the contribution rates needed to

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

F. Pension obligations (continued)

fund the benefits for each of the three membership classes. The legislature sets the contribution rates for the three membership classes. Starting July 1, 2012, IPERS will set the regular member rates based on the actuary's recommendation; however, the combined employer and member rate may not change by more than 1.0 percentage point each year.

During the fiscal year ended June 30, 2012, regular members contributed 5.38% and the City contributed 8.07% of covered wages. Rates for the fiscal year beginning July 1, 2012, are 5.78% for regular members and 8.67% for the City. Emergency responder members contributed 6.65%, and the hospital contributed 9.97% of covered wages for the fiscal year ended June 30, 2012. As of July 1, 2012, the rates for emergency responders increased to 6.84% for the members and 10.27% for the hospital. The City's total contributions to IPERS for the years ended June 30, 2012, 2011, and 2010 were $6,211,558, $5,240,892, and $4,965,440, respectively, and were equal to 100 percent of the required contributions for each year.

Municipal Fire and Police Retirement System of Iowa (MFPRSI)

Plan description. The City also participates in the MFPRSI, which provides retirement, disability, and death benefits for firefighters and police officers. MFPRSI was created under chapter 411 of the Code of Iowa, effective January 1, 1992, to replace the fire and police retirement systems in 49 cities in Iowa. It is a cost-sharing, multiple-employer defined benefit pension plan. A board of nine voting and four non-voting members is the policy-making body for the system. MFPRSI issues publicly available financial reports, which include financial statements and required supplementary information for the plan. The reports may be obtained by contacting MFPRSI at 7155 Lake Drive, Suite 201, West Des Moines, IA, 50266.

Funding policy. The contribution rate structure is established by Iowa Code chapter 411. The member contribution rate, currently at 9.40%, is set by the state statute. The rate for the City is established each year by the board of trustees following the completion of an annual actuarial valuation. The City's rate for the fiscal year ended June 30, 2012, was 24.76%. As of July 1, 2012, the rate is 26.12%. The City's total contributions to MFPRSI for the years ended June 30, 2012, 2011, and 2010 were $1,630,807, $1,253,345, and $1,024,282, respectively, and were equal to 100 percent of the required contributions for each year.

Ames Municipal Utility Retirement Plan

Plan description. The Ames Municipal Retirement Plan (utility plan) was created by resolution of the City Council and is administered by the City. It is a single-employer,

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

F. Pension obligations (continued)

defined contribution plan for employees who regularly receive more than 10% of his or her compensation from a utility fund of the City. The City Council has authorization to amend plan provisions and contribution rates. An eleven-member board monitors, reviews, and evaluates on a continuing basis, the performance of the utility plan. The board submits a written report of its findings and recommendations at least once each fiscal year. These reports may be obtained at the City's offices.

Summary of significant accounting policies - basis of accounting and valuation of investments. The utility plan uses the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with terms of the plan. All plan investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price on the City's balance sheet date. Securities without an established market value are reported at estimated fair value.

Funding policy. Participants contribute 5.40%, and the City contributes 7.93% of eligible compensation. Participants may also make voluntary, unmatched contributions up to 10% of the participant's annual compensation. Participant contributions were $472,570, and City contributions were $693,977 for the fiscal year ended June 30, 2012.

G. Other post-employment benefit (OPEB) obligations

City of Ames General Employees' Other Post-employment Benefits Plan

Plan description. The City and hospital provide health and dental care benefits for retired employees and their beneficiaries through a single-employer, defined benefit plan. The hospital also provides a life insurance benefit. The City has the authority to establish and amend benefit provisions of the plan.

Funding policy. Participants must be at least 55 years old, have been employed by the City for the preceding four years, and be enrolled in a sponsored insurance plan at the time of retirement. Benefits terminate upon attaining Medicare eligibility.

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

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

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

Annual OPEB cost and net OPEB obligation. The net OPEB obligation as of June 30, 2012, is determined as follows:

	City	MGMC	Total
Annual required contribution (ARC)	$ 172,000	$ 375,334	$ 547,334
Interest on net OPEB obligation	16,000	114,869	130,869
Adjustment to annual required contribution	(14,000)	(92,061)	(106,061)
Annual OPEB cost	174,000	398,142	572,142
Contributions and payments made	(214,985)	(276,411)	(491,396)
Increase (decrease) in net OPEB obligation	(40,985)	121,731	80,746
Net OPEB obligation - beginning	557,957	2,297,386	2,855,343
Net OPEB obligation - ending	$ 516,972	$2,419,117	$2,936,089

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

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2012	$ 572,142	85.89%	$2,936,089
June 30, 2011	614,595	5.96%	2,855,343
June 30, 2010	610,831	25.90%	2,277,363

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

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

Funded status and funding progress. As of July 1, 2010 (July 1, 2011 for the hospital), the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	$ 5,302,219
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	$ 5,302,219
Funded ratio (actuarial value of plan assets / AAL)	0.00%
Covered payroll (annual payroll of active employees covered by the plan	82,680,630
UAAL as a percentage of covered payroll	6.41%

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These actuarially-determined amount are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented immediately following the financial statements as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

The ARC for the City was determined as part of the July 1, 2010 actuarial valuation using the following methods and assumptions:

Actuarial cost method	Projected unit credit
Amortization method (implicit subsidy)	Level percentage of payroll, open, 30 years
Amortization method (explicit subsidy)	Level percentage of payroll, closed, 4 years
Inflation rate	11.0% initial rate, reduced annually by 0.5% to an ultimate rate of 5.0%
Asset valuation method	n/a - OPEB obligation not funded
Investment return	4.5%

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

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

Projected salary increases	3.5%
Cost of living adjustments	11.0% initial rate, reduced annually by 0.5% to an ultimate rate of 5.0%
Healthcare cost trend rate	11.0% initial rate, reduced annually by 0.5% to an ultimate rate of 5.0%

The ARC for the hospital was determined as part of the July 1, 2011 actuarial valuation using the following methods and assumptions:

Actuarial cost method	Projected unit credit
Amortization method	Level percentage of payroll, open
Amortization period	30 years
Inflation rate	3.0%
Asset valuation method	n/a - OPEB obligation not funded
Investment return	5.0%
Projected salary increases	4.0%
Post-retirement benefit increases	9.0%, reduced annually by 0.5% to an ultimate rate of 5.0%
Healthcare cost trend rate	9.0%, reduced annually by 0.5% to an ultimate rate of 5.0%

H. Construction and other significant commitments

Construction commitments. As of June 30, 2012, the City's commitments with contractors was as follows:

Project	Spent to Date	Remaining Commitment
Streets	$ 4,236,679	$ 2,512,129
Water	1,091,270	519,247
Sewer	633,835	303,620
Electric	28,335	7,588
Transit	6,953,801	739,029
	$ 12,943,920	$ 4,081,613

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

H. Construction and other significant commitments (continued)

All of the remaining commitment amounts above were encumbered at year end. As discussed earlier in note I(F)(1), budgetary information - budgetary basis of accounting, the encumbrances and related appropriations lapse at the end of the year but are re-appropriated and become part of the subsequent year's budget because performance under the executory contract is expected in the next year.

Encumbrances. As discussed in note I(F)(1), budgetary information - budgetary basis of accounting, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General fund	$ 147,753
Capital projects fund	5,052,671
Nonmajor governmental funds	2,015,278
Water	841,416
Sewer	2,968,927
Electric	5,220,312
Transit	4,778,570
Nonmajor business-type funds	222,550
	$ 21,247,477

I. Risk Management

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City uses the risk management internal service fund to account for and finance risks for workers' compensation, general liability, and property damage. The risk management fund provides workers' compensation coverage for all City employees and funds the deductible for general liability insurance. Commercial insurance is purchased for all other risks of loss.

Risk management fund. All funds of the City participate in the workers' compensation insurance program and make payments to the risk management fund based on a charge against employee payroll. The charge is calculated based on past claims experience of City departments. The risk management fund pays all workers' compensation claims, claim reserves, the deductible for general liability insurance, and administrative costs from its revenues, and holds excess revenues for reserve against future claims.

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

I. Risk management (continued)

The City is a member in the Iowa Communities Assurance Pool (ICAP), as allowed by the Code of Iowa. ICAP is a local government, risk-sharing pool whose members include various governmental entities throughout the state of Iowa. It was formed for the purpose of managing and funding third-party liability claims against its members. It provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

ICAP's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2012, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

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

Changes in the balance of claims liabilities during the years ended June 30, 2012 and 2011 were as follows:

	2012	2011
Liability - July 1	$ 239,512	$ 421,091
Claims incurred & claims adjustments	974,498	1,374,893
Claims payments	(449,835)	(1,556,472)
Liability - June 30	$ 764,175	$ 239,512

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

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

I. Risk management (continued)

	2012	2011
Liability - July 1	$ 695,439	$ 501,326
Claims incurred & claims adjustments	5,786,406	5,058,927
Claims payments	(5,835,545)	(4,864,814)
Liability - June 30	$ 646,300	$ 695,439

The hospital carries professional liability insurance on a claims-made policy. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be uninsured. The hospital has accrued $220,084 as an estimate for professional liability claims that were incurred but not reported as of June 30, 2012.

The hospital is self-insured for health care coverage of employees and covered dependents and carries stop-loss insurance coverage, which assumes liability for claims in excess of $175,000 per individual claim and 120% aggregate of expected paid claims. Accrued costs related to health care coverage amounted to $937,465 at June 30, 2012.

The hospital is self-insured for workers' compensation coverage of employees, and carries stop-loss insurance coverage, which assumes liability for claims in excess of $475,000 per occurrence. Accrued costs related to workers' compensation coverage was $122,560 at June 30, 2012.

Changes in the balance of the hospital's accrued claims for professional liabilities, health care, and workers' compensation coverage for the years ended June 30, 2012 and 2011 were as follows:

	Professional Liability		Health Insurance	
	2012	2011	2012	2011
Liability - July 1	$ 229,424	$ 289,569	$ 953,654	$1,283,559
Claims incurred & claims adjustments	(7,089)	(50,988)	7,440,262	6,388,387
Claims payments	(2,251)	(9,157)	(7,456,451)	(6,718,292)
Liability - June 30	$ 220,084	$ 229,424	$ 937,465	$ 953,654

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

I. Risk management (continued)

	Workers' Compensation	
	2012	2011
Liability - July 1	$ 155,329	$ 327,390
Claims incurred & claims adjustments	152,920	271,179
Claims payments	(185,689)	(443,240)
Liability - June 30	$ 122,560	$ 155,329

J. Lease obligations

Operating leases. The City leases a parking lot in Campustown for public parking. A three-year lease extension was approved, beginning in May 2012. The City also leases office space, which serves as the primary office for the information technology division. There is no option to renew either lease when they expire. Rent expense for these leases during the fiscal year ended June 30, 2012, was $31,384.

The hospital leases various equipment for use in the medical center. Rent expense for these leases was $798,000 for the fiscal year ended June 30, 2012.

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

Year Ending June 30,	Total Rent
2013	$ 611,060
2014	291,405
2015	86,972
2016	39,602
2017	-
	$ 1,029,039

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

K. Long-term liabilities

General obligation bonds. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and equipment. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds are generally issued with maturities ranging from 10 to 20 years. Debt service on general obligation bonds is paid from the debt service fund. General obligation bonds outstanding at June 30, 2012 are as follows:

Governmental activities:

General Obligation Bonds	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding June 30, 2012
Corporate purpose	2004	$ 6,030,000	2.75-3.25 %	2014	$ 1,355,000
Corporate purpose	2005	5,495,000	3.50-3.65	2017	1,765,000
Corporate purpose	2006	5,285,000	4.00	2018	3,020,000
Corporate purpose	2007	9,130,000	3.75-4.15	2019	6,133,614
Corporate purpose	2008	5,855,000	3.75-4.15	2020	4,255,000
Refunding	2009	6,995,000	2.50-3.00	2013	980,000
Corporate purpose	2009	11,165,000	2.00-3.50	2021	8,935,000
Corporate purpose	2010	6,690,000	2.00-2.50	2022	5,795,000
Refunding	2011	5,980,000	2.00-3.35	2021	4,720,000
Corporate purpose	2011	6,675,000	1.00-2.40	2023	6,105,000
		$ 69,300,000			$ 43,063,614

Business-type activities:

General Obligation Bonds	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding June 30, 2012
Corporate purpose	2007	$ 500,000	2.00-3.35 %	2021	$ 331,386
Corporate purpose	2008	2,500,000	1.00-2.40	2023	1,845,000
		$ 3,000,000			$ 2,176,386

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

K. Long-term liabilities (continued)

On October 25, 2011, the City issued $6,675,000 of general obligation, corporate purpose bonds to be used for the cost of constructing street improvements and making improvements to City Hall. The maturity dates on the bonds range from June 1, 2012 through June 1, 2023. Debt service payments are scheduled semi-annually at amounts that range from $7,560 to $637,560. Bonds due after June 1, 2018 will be subject to call prior to maturity at the option of the City.

Revenue bonds. The City also issues revenue bonds, where the City pledges income derived from certain assets or programs to pay the debt service. Revenue bonds outstanding as of June 30, 2012 are as follows:

Mary Greeley Medical Center:

Revenue Bonds	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding June 30, 2012
Refunding	2003	$ 29,385,000	3.00-5.000 %	2022	$ 17,690,000
Term bonds	2011	65,000,000	3.00-5.625	2036	65,000,000
		$ 94,385,000			$ 82,690,000

On October 25, 2011, the hospital issued $65,000,000 of revenue bonds to fund expansion of the medical center. The maturity dates on the bonds range from June 15, 2013 through June 15, 2036. Debt service payments are scheduled semi-annually at amounts that range from $3.8 million to $30.6 million.

Landfill post-closure costs. The City stopped accepting solid waste at its landfill effective June 30, 1992, and has been in the process of closing the landfill since that time. 100% of the capacity of the landfill has been used.

Federal and state laws and regulations establish landfill closure and post-closure care requirements. The state specifies financial assurance requirements in the Iowa Code enumerating various allowable financial assurance mechanisms to meet the costs of closure and post-closure care. The City satisfies this requirement with its rating on its most recent bond issues.

The liability for post-closure care costs is based on the landfill capacity used to date with no remaining life. The estimated liability for post-closure care costs is $282,327 at June 30, 2012, with a current portion of $17,253.

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

K. Long-term liabilities (continued)

The City's written landfill post-closure plan includes estimates of costs of all equipment and services required to monitor and maintain the closed landfill. There is a potential for changes in estimates as a result of inflation or deflation, changes in technology, or changes in applicable laws or regulations. Unanticipated future inflation costs and costs that might arise from changes in post-closure requirements may require adjustment of the liability in future years.

Loans payable. The City has an Iowa Department of Natural Resources for a Solid Waste Alternatives Program loan to fund a non-ferrous metal recovery system at the resource recovery plant. The original amount of the loan was $825,000, payable through July 2015, at three percent interest.

Transit has an Amoco capital match revolving loan from the Iowa Department of Transportation for the final design and construction of the intermodal facility. The original amount of the loan was $87,500, payable through December 2015, at zero percent interest.

At June 30, 2012, there were six outstanding contracts between the Iowa Department of Economic Development and some city businesses for Community Economic Betterment Account loans. Although the loans 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 financial statements.

Legal debt margin. 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, 2010, related to the 2011-2012 fiscal year. At June 30, 2012, the outstanding debt of $45,240,000 is below the limit of $172,669,198, leaving a debt margin of over $127 million.

Changes in long-term liabilities. Changes in the City's long-term liabilities for the fiscal year ended June 30, 2012, are as follows:

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	$ 43,773,894	$ 6,675,000	$ (7,385,280)	$ 43,063,614	$ 6,838,723
Premiums	689,437	12,885	(121,653)	580,669	117,416
Deferred charges on refunding	(14,728)	-	4,002	(10,726)	(3,745)
Total bonds payable	44,448,603	6,687,885	(7,502,931)	43,633,557	6,952,394
Compensated absences	1,910,445	413,541	(342,980)	1,981,006	159,126
Other post-employment benefits	313,243	-	(23,010)	290,233	-
Governmental activities long-term debt	$ 46,672,291	$ 7,101,426	$ (7,868,921)	$ 45,904,796	$ 7,111,520

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

K. Long-term liabilities (continued)

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

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Due Within One Year
Business-type activities:					
Bonds payable:					
Revenue bonds	$ 19,065,000	$ 65,000,000	$ (1,375,000)	$ 82,690,000	$ 1,880,000
Premiums	262,272	716,598	(77,886)	900,984	-
Unamortized deferred loss	(249,402)	-	50,118	(199,284)	-
Total revenue bonds	19,077,870	65,716,598	(1,402,768)	83,391,700	1,880,000
General obligation bonds	2,411,106	-	(234,720)	2,176,386	241,277
Premiums	30,974	-	(3,510)	27,464	3,510
Total general obligation bonds	2,442,080	-	(238,230)	2,203,850	244,787
Total bonds payable	21,519,950	65,716,598	(1,640,998)	85,595,550	2,124,787
Compensated absences	10,759,629	9,858,806	(10,004,430)	10,614,005	9,279,894
Loans payable	683,896	-	(148,714)	535,182	155,851
Notes payable	4,395,970	-	(1,462,048)	2,933,922	1,519,386
Other post-employment benefits	2,542,100	121,731	(17,975)	2,645,856	-
Landfill post-closure costs	297,503	-	(15,176)	282,327	17,253
Business-type activities long-term debt	$ 40,199,048	$ 75,697,135	$ (13,289,341)	$ 102,606,842	$ 13,097,171

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

Governmental activities:

Year Ending June 30,	General Obligation Bonds Principal	Interest
2013	$ 6,838,723	$ 1,232,698
2014	6,011,776	1,047,483
2015	4,894,829	886,880
2016	4,527,882	750,666
2017	4,675,935	618,681
2018-2022	15,484,469	1,206,858
2023-2027	630,000	15,120
Total	$ 43,063,614	$ 5,758,386

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

K. Long-term liabilities (continued)

Business-type activities:

Year Ending	General Obligation Bonds		Revenue Bonds	
June 30,	Principal	Interest	Principal	Interest
2013	$ 241,277	$ 85,195	$ 1,880,000	$ 4,243,919
2014	253,224	76,146	1,965,000	4,159,119
2015	260,171	66,650	2,060,000	4,065,668
2016	272,118	56,679	2,155,000	3,967,669
2017	284,065	46,250	2,260,000	3,865,119
2018-2022	865,531	69,490	12,980,000	17,633,119
2023-2027	-	-	16,460,000	14,161,231
2028-2032	-	-	21,345,000	9,272,081
2033-2037	-	-	21,585,000	2,905,613
Total	$ 2,176,386	$ 400,410	$ 82,690,000	$ 64,273,538

Year Ending	Loans		Notes	
June 30,	Principal	Interest	Principal	Interest
2013	$ 155,851	$ 12,409	$ 1,519,386	$ 79,183
2014	160,048	8,211	1,206,202	31,188
2015	164,373	3,886	126,436	2,308
2016	54,910	281	81,898	554
2017	-	-	-	-
2018-2022	-	-	-	-
Total	$ 535,182	$ 24,787	$ 2,933,922	$ 113,233

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

K. Long-term liabilities (continued)

Year Ending June 30,	Total Business - Type Activities		Total Primary Government Debt	
	Principal	Interest	Principal	Interest
2013	$ 3,796,514	$ 4,420,706	$ 10,635,237	$ 5,653,404
2014	3,584,474	4,274,664	9,596,250	5,322,147
2015	2,610,980	4,138,512	7,505,809	5,025,392
2016	2,563,926	4,025,183	7,091,808	4,775,849
2017	2,544,065	3,911,369	7,220,000	4,530,050
2018-2022	13,845,531	17,702,609	29,330,000	18,909,467
2023-2027	16,460,000	14,161,231	17,090,000	14,176,351
2028-2032	21,345,000	9,272,081	21,345,000	9,272,081
2033-2037	21,585,000	2,905,613	21,585,000	2,905,613
Total	$ 88,335,490	$ 64,811,968	$ 131,399,104	$ 70,570,354

L. Fund balance

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

1. Economic uncertainties, local disasters, and other financial hardships or downturns in the local or national economy,

2. Contingencies for unseen operating or capital needs, and

3. Cash flow requirements.

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

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

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

L. Fund balance (continued)

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

	General	Capital Projects	Debt Service	Special Revenues	Permanent Funds	Total
Nonspendable:						
Inventory	$ 40,001	$ -	$ -	$ 82,325	$ -	$ 122,326
Prepaid items	56,234	-	-	3,111	-	59,345
Perpetual care principal	-	-	-	-	890,716	890,716
Aquatic center endowment	-	-	-	-	1,000,000	1,000,000
	96,235	-	-	85,436	1,890,716	2,072,387
Restricted:						
Debt service	-	174,131	1,658,922	48,929	-	1,881,982
Aquatic center	-	-	-	-	89,681	89,681
Construction projects	-	337,760	-	3,150,554	-	3,488,314
Environment and economic betterment	-	-	-	4,776,709	-	4,776,709
General obligation bond projects	-	8,727,027	-	-	-	8,727,027
Housing assistance	-	-	-	587,320	-	587,320
Public safety	-	-	-	232,089	-	232,089
Public safety pension	-	-	-	1,365,912	-	1,365,912
Library	-	-	-	848,119	-	848,119
Parks and recreation	-	-	-	2,470,175	-	2,470,175
Project Share	-	-	-	4,814	-	4,814
Public art	-	-	-	45	-	45
Developers' projects	-	-	-	149,216	-	149,216
	-	9,238,918	1,658,922	13,633,882	89,681	24,621,403
Committed:						
Bike trails	-	-	-	17,054	-	17,054
Housing assistance	-	-	-	805,736	-	805,736
Environment and economic betterment	-	-	-	577,123	-	577,123
	-	-	-	1,399,913	-	1,399,913
Assigned:						
Administration	4,976	-	-	-	-	4,976
Green energy projects	-	-	-	4,403	-	4,403
Public safety	3,353	-	-	-	-	3,353
Library	918	-	-	75,078	-	75,996
Facilities	50,143	-	-	-	-	50,143
Parks and recreation	65,301	-	-	89,188	-	154,489
Airport	8,925	-	-	-	-	8,925
Cemetery	14,136	-	-	-	-	14,136
Special assessment projects	-	148,000	-	-	-	148,000
	147,752	148,000	-	168,669	-	464,421
Unassigned	7,924,363	-	-	(308,456)	-	7,615,907
	$ 8,168,350	$ 9,386,918	$ 1,658,922	$14,979,444	$ 1,980,397	$36,174,031

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

M. Interfund receivables and payables

The composition of interfund balances as of June 30, 2012, is as follows:

	Payable fund				
Receivable fund	General Fund	Capital Projects	Electric	Sewer	Water
Major funds:					
General fund	$ -	$ 29,752	$ 167,171	$ 32,570	$ 37,300
Capital projects	33,107	18,677	-	-	-
Electric	-	-	-	41,377	45,526
Sewer	-	-	20,521	-	16,015
Water	-	184	29,015	32,959	-
Transit	10,246	-	-	-	-
Nonmajor funds:					
Permanent	2,053	-	-	-	-
Special revenue	3,416	-	-	7,414	7,414
Enterprise	-	870	67,513	-	-
Internal service	126,625	1,610	69,786	23,575	20,461
Total	$ 175,447	$ 51,093	$ 354,006	$ 137,895	$ 126,716

	Payable fund				
Receivable fund	Transit	Nonmajor Special Revenue Funds	Nonmajor Enterprise Funds	Internal Service Funds	Total
Major funds:					
General fund	$ 14,581	$ 693,414	$ 30,679	$ 25,602	$ 1,031,069
Capital projects	-	-	-	-	51,784
Electric	-	223	-	-	87,126
Sewer	-	-	-	-	36,536
Water	-	92,483	-	-	154,641
Transit	-	-	-	17	10,263
Nonmajor funds:					
Permanent	-	-	-	-	2,053
Special revenue	-	238,526	7,414	-	264,184
Enterprise	-	256	-	-	68,639
Internal service	3,949	69,598	32,057	2,514	350,175
Total	$ 18,530	$ 1,094,500	$ 70,150	$ 28,133	$ 2,056,470

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

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

N. Interfund transfers

The composition of interfund transfers for the year ended June 30, 2012, is as follows:

	Transfers out				
Transfers in	General Fund	Capital Projects	Electric	Nonmajor Special Revenue Funds	Internal Service Funds
Major funds:					
General fund	$ -	$ -	$ 1,871,746	$ 5,744,743	$ -
Capital projects	46,953	2,859	-	-	-
Debt service	-	587,019	-	117,065	-
Electric	-	-	-	-	185,633
Sewer	-	-	-	-	61,686
Transit	1,374,879	-	-	-	-
Nonmajor funds:					
Special revenue	-	-	-	106,369	-
Enterprise	452,862	-	-	20,000	-
Internal service	175,000	-	-	-	-
Total	$ 2,049,694	$ 589,878	$ 1,871,746	$ 5,988,177	$ 247,319

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. For example, the road use tax funds are received into the special revenue fund and are transferred to the capital projects fund where the funds will be spent.

O. Donor-restricted endowment

Earnings from the investment of the Furman Aquatic Center endowment of $89,681 at June 30, 2012, are shown as restricted 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. Chapter 540A of the Iowa Code permits the City to appropriate an amount of net appreciation as the City determines, in good faith, while considering the duration and preservation of the endowment fund, the purposes of the City and the fund, general economic conditions, the possible effect of inflation or deflation, the expected total return from income and the appreciation of investments, other resources of the City, and the investment policy of the City.

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

P. Contingencies

The City's legal department reported to management that, as of June 30, 2012, claims and lawsuits were on file against the City. The legal department estimates that the portion of these potential claims and lawsuits not covered by insurance would not materially affect the financial position of the City. The City has authority to levy additional taxes outside the regular limit to cover cases resulting in an uninsured judgment.

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

As a provider of health care services, the hospital has agreements with third-party payers that provide for payment of services at amounts different from established rates. The basis for payment varies by payer and includes prospectively-determined rates per discharge, discounts from established charges, and retroactively-determined, cost-based rates. Approximately 95 percent of gross patient charges determined at established rates resulted from patients covered by these third-party reimbursement programs for the fiscal year ended June 30, 2012. Changes have been and may be made in certain programs, which could have a material adverse impact on the financial condition of the hospital in future years.

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

Q. Joint venture

The hospital has a joint venture with McFarland Clinic, P.C. to form Health Ventures of Central Iowa, LLC (the joint venture), of which it owns 50%. The hospital uses the equity method of accounting for joint ventures in which it has the ability to exercise

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

Q. Joint venture (continued)

significant influence over operating and financial policies of the investee. Financial statements of the joint venture are available at Mary Greeley Medical Center, 1111 Duff Avenue, Ames, IA 50010.

R. Related party transactions

The hospital's board of trustees approved the guarantee of certain debt on behalf of the joint venture mentioned above. The hospital's guaranteed portion of the debt is $750,000, and the hospital can only be required to perform on the guarantee in the event of nonpayment by the joint venture. Management evaluates the hospital'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, 2012.

S. Discontinued operations

A resolution was adopted by City Council to transfer administration of the Section 8 Housing Choice Voucher program from the City of Ames Housing Authority to the Central Iowa Regional Housing Authority (CIRHA), effective July 1, 2011. CIRHA was selected as the housing authority to take over the Ames jurisdiction based on the fact that they administered the same program in Story County, their background policies exceeded those of the City's policies, they have "standard" or "high" performance ratings for the Section 8 Management Assessment Program, and absorbing additional vouchers will enhance their financial stability since they already have a larger number of vouchers and support staff. The two parties signed a 28-E agreement, which allows CIRHA to operate a program within the corporate limits of Ames.

T. Subsequent events

On October 1, 2012, the City issued $12,660,000 of general obligation, corporate purpose bonds for the purpose of paying the cost of constructing improvements to streets, water lines, and sanitary sewer lines; carrying out flood mitigation projects; rehabilitating city parks; replacing a city park pedestrian/bicycle bridge that was damaged by flooding; and expanding the public library. The interest rate on the bonds ranges from 1.50 - 3.00% and final maturity is June 1, 2032.

On November 20, 2012, the hospital issued $26 million of revenue and refunding bonds. $14.5 million will be used to refund the 2003 hospital bonds and $11.5 million will be used to expand the current facilities. The interest rate on the bonds is 2.07% with a final maturity of June 15, 2027.

Required Supplementary Information

Executive Express, the Des Moines Airport shuttle, makes 13-14 daily departures to the Des Moines International Airport. Storage for four vehicles is provided in a separate garage on the Intermodal Facility site. Executive Express offices are located in the terminal.

City of Ames
Schedule of Funding Progress
General Employees' Other Post-employment Benefits Plan

FY	City Actuarial Valuation Date	Hospital Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2012	07/01/10	07/01/11	-	5,302,219	5,302,219	0.00%	82,680,630	6.41%
2011	07/01/10	07/01/09	-	5,302,219	5,302,219	0.00%	81,335,406	6.52%
2010	07/01/08	07/01/09	-	5,248,219	5,248,219	0.00%	76,101,030	6.90%

City of Ames
Budgetary Comparison Schedule
Governmental and Proprietary Funds
For the Fiscal Year Ended June 30, 2012

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Original Budget	Final Budget	Variance - Actual to Final
Revenues and other financing sources:						
Taxes levied on property	$ 23,394,064	$ -	$ 23,394,064	$ 23,453,005	$ 23,453,005	$ (58,941)
Delinquent property taxes	(7,080)	-	(7,080)	-	-	(7,080)
TIF revenues	-	-	-	-	228	(228)
Other City taxes	8,521,578	-	8,521,578	7,568,085	8,476,350	45,228
Licenses and permits	1,292,368	14,132	1,306,500	1,179,439	1,325,963	(19,463)
Use of money and property	597,107	4,931,444	5,528,551	9,601,105	10,683,165	(5,154,614)
Intergovernmental	9,098,425	14,924,937	24,023,362	28,216,699	38,960,498	(14,937,136)
Charges for services	4,022,584	249,019,250	253,041,834	250,796,233	248,314,636	4,727,198
Special assessments	237,252	-	237,252	380,000	340,000	(102,748)
Miscellaneous	3,005,412	1,675,210	4,680,622	1,081,517	3,266,596	1,414,026
Other financing sources	17,022,985	2,438,685	19,461,670	18,866,140	23,836,765	(4,375,095)
Total revenues and other financing sources	67,184,695	273,003,658	340,188,353	341,142,223	358,657,206	(18,468,853)
Expenditures and other financing uses:						
General government	2,501,864	-	2,501,864	2,361,436	2,570,543	68,679
Public safety	14,871,389	-	14,871,389	14,843,912	15,060,864	189,475
Public works	5,744,514	-	5,744,514	5,603,458	6,292,863	548,349
Health and social services	1,140,216	-	1,140,216	1,265,792	1,146,179	5,963
Culture and recreation	7,126,608	-	7,126,608	7,074,036	7,162,138	35,530
Community and economic development	3,032,864	-	3,032,864	2,633,998	3,717,622	684,758
Debt service	9,103,364	-	9,103,364	9,267,800	9,103,363	(1)
Capital outlay	10,366,264	-	10,366,264	12,068,827	29,159,690	18,793,426
Total governmental expenditures	53,887,083	-	53,887,083	55,119,259	74,213,262	20,326,179
Business-type expenditures	-	232,814,784	232,814,784	274,271,330	280,786,327	47,971,543
Total expenditures and other financing uses	53,887,083	232,814,784	286,701,867	329,390,589	354,999,589	68,297,722
Other financing uses	10,157,379	2,616,406	12,773,785	11,865,140	13,328,222	554,437
Total expenditures, other financing uses, and transfers out	64,044,462	235,431,190	299,475,652	341,255,729	368,327,811	68,852,159
Excess revenues and other financing sources over (under) expenditures, other financing uses, and transfers out	3,140,233	37,572,468	40,712,701	(113,506)	(9,670,605)	50,383,306
Fund balances, beginning	36,810,265	424,728,895	461,539,160	390,176,202	461,539,160	-
Fund balances, ending	$ 39,950,498	$ 462,301,363	$ 502,251,861	$ 390,062,696	$ 451,868,555	$ 50,383,306

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

City of Ames
Budgetary Comparison Schedule
Budget to GAAP Reconciliation
For the Fiscal Year Ended June 30, 2012

	Governmental Funds			Proprietary Funds		
	Budget Basis	Adjustments	Modified Accrual Basis	Budget Basis	Adjustments	Accrual Basis
Revenues and other financing sources	$ 67,184,695	$ (1,866,335)	$ 65,318,360	$ 273,003,658	$ 4,858,178	$ 277,861,836
Expenditures and other financing uses	64,044,462	(1,620,152)	62,424,310	235,431,190	3,165,575	238,596,765
Excess revenues and other financing sources over expenditures and other financing uses	3,140,233	(246,183)	2,894,050	37,572,468	1,692,603	39,265,071
Fund balances, beginning	36,810,265	(3,530,284)	33,279,981	424,728,895	33,706,719	458,435,614
Fund balances, ending	$ 39,950,498	$ (3,776,467)	$ 36,174,031	$ 462,301,363	$ 35,399,322	$ 497,700,685

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

I. Budgetary Information

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

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

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

Two budget amendments during the fiscal year increased budgeted expenditures by $27,072,082. These amendments are reflected in the final budget amounts.

Supplementary Information

This facility was designed with safety in mind for travelers. The stairway is fully open to view with glass all around, and night lighting provides even more security.

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenue sources that are restricted, committed, or assigned to expenditures for particular purposes.

Local Option Tax Fund - to account for the funds generated by the voter-approved 1% local option sales tax. Sixty percent is used for property tax relief and forty percent is for community betterment.

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

Road Use Tax Fund - to account for the City's share of state gasoline taxes received on a per capita basis. Funds are required to be used for a purpose related to the construction or maintenance of public streets.

Bike Licenses Fund - to account for funds generated by the sale of bike licenses to be used for bike trails and maps.

Police Forfeiture and Grants Fund - to account for funds generated from the forfeiture of property as a result of criminal activities and for government grants received for law enforcement costs.

Housing Assistance Fund - to account for grant-funded housing assistance programs.

TIF Fund - to account for tax-increment financing revenues on abated debt.

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

Police and Fire 411 Fund - to account for the funds remaining from the transition to Municipal Fire and Police Retirement System of Iowa (MFPRSI). Funds may only be used to offset City contributions to MFPRSI.

Parks and Recreation Programs Fund - to account for revenues used for specific park and recreation programs and improvements.

Library Donations, Project Share, Police and Fire Donations, Animal Shelter Donations, and Public Art Donations Funds - to account for donations to be used for specific purposes and activities.

Community Development Block Grant (CDBG) Fund - to account for funds received from the U.S. Department of Housing and Urban Development to be used according to the CDBG program.

Nonmajor Governmental Funds

Special Revenue Funds

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

Economic Development and Loans Fund - to account for funds from block grants and funds to be loaned to businesses to increase development in the City.

Federal Emergency Management Agency (FEMA) Fund - to account for funds related to the flood in 2010.

Permanent Funds

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

Perpetual Care Fund - to account for principal amounts received for perpetual care. The earnings are recorded in the general fund and are used to maintain the cemetery.

Furman Aquatic Center Endowment Fund - to account for a donation to cover future operating expenditures, fund future repairs and enhancements, and to replace equipment at the aquatic center.

City of Ames
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

		Permanent Funds		
	Nonmajor Special Revenue Funds	Perpetual Care	Furman Aquatic Center Endowment	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	$ 13,861,439	$ 888,423	$ 1,086,331	$ 15,836,193
Taxes receivable	5,711	-	-	5,711
Accrued interest receivable	13,937	-	3,350	17,287
Accounts receivable, net	5,581	240	-	5,821
Intergovernmental receivable	2,591,236	-	-	2,591,236
Loans receivable	37,920	-	-	37,920
Due from other funds	264,184	2,053	-	266,237
Inventories	82,325	-	-	82,325
Property held for resale	550,770	-	-	550,770
Prepaid items	3,111	-	-	3,111
Succeeding year taxes receivable	1,577,556	-	-	1,577,556
Long-term loans receivable	83,815	-	-	83,815
Total assets	$ 19,077,585	$ 890,716	$ 1,089,681	$ 21,057,982
LIABILITIES				
Accounts payable	$ 427,557	$ -	$ -	$ 427,557
Accrued payroll	58,454	-	-	58,454
Retainage payable	18,507	-	-	18,507
Customer deposits	80,442	-	-	80,442
Intergovernmental payable	7,537	-	-	7,537
Due to other funds	1,094,500	-	-	1,094,500
Deferred revenue	833,588	-	-	833,588
Succeeding year unearned revenue	1,577,556	-	-	1,577,556
Total liabilities	4,098,141	-	-	4,098,141
FUND BALANCES (DEFICITS)				
Nonspendable	85,436	890,716	1,000,000	1,976,152
Restricted	13,633,882	-	89,681	13,723,563
Committed	1,399,913	-	-	1,399,913
Assigned	168,669	-	-	168,669
Unassigned	(308,456)	-	-	(308,456)
Total fund balances (deficits)	14,979,444	890,716	1,089,681	16,959,841
Total liabilities and fund balances (deficits)	$ 19,077,585	$ 890,716	$ 1,089,681	$ 21,057,982

City of Ames
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2012

		Permanent Funds		
	Nonmajor Special Revenue Funds	Perpetual Care	Furman Aquatic Center Endowment	Total Nonmajor Governmental Funds
REVENUES				
Taxes	$ 9,878,711	$ -	$ -	$ 9,878,711
Intergovernmental	6,761,281	-	-	6,761,281
Charges for services	3,050	10,829	-	13,879
Investment income	40,455	-	9,060	49,515
Miscellaneous	2,386,237	-	-	2,386,237
Total revenues	19,069,734	10,829	9,060	19,089,623
EXPENDITURES				
Current:				
General government	102,689	-	-	102,689
Public safety	76,810	-	-	76,810
Public works	3,859,820	-	-	3,859,820
Health and social services	1,159,849	-	-	1,159,849
Culture and recreation	394,021	-	-	394,021
Community and economic development	2,203,251	-	-	2,203,251
Capital outlay	2,362,754	-	-	2,362,754
Total expenditures	10,159,194	-	-	10,159,194
Excess (deficiency) of revenues over (under) expenditures	8,910,540	10,829	9,060	8,930,429
OTHER FINANCING SOURCES (USES)				
Transfers in	106,369	-	-	106,369
Transfers out	(5,988,177)	-	-	(5,988,177)
Total other financing sources (uses)	(5,881,808)	-	-	(5,881,808)
Net change in fund balance	3,028,732	10,829	9,060	3,048,621
Fund balances, beginning	11,950,712	879,887	1,080,621	13,911,220
Fund balances, ending	$ 14,979,444	$ 890,716	$ 1,089,681	$ 16,959,841

City of Ames
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2012

	Local Option Tax	Hotel/ Motel Tax	Leased Housing	Road Use Tax	Bike Licenses	Police Forfeiture & Grants	Housing Assistance	TIF	Employee Benefit Property Tax	Police & Fire 411	Parks & Recreation Programs
ASSETS											
Cash and cash equivalents	$ 4,711,282	$ 358,887	$ -	$ 2,994,452	$ 17,054	$ 66,407	$ 541,131	$ 48,761	$ -	$ 1,362,795	$ 1,798,398
Taxes receivable	-	-	-	-	-	-	-	-	5,711	-	-
Accrued interest receivable	-	-	-	-	-	-	-	168	-	4,199	5,544
Accounts receivable, net	-	-	-	-	-	-	2,820	-	-	-	-
Intergovernmental receivable	1,327,223	465,679	-	412,513	-	10,960	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	8,618	-	-	-	-
Due from other funds	-	-	-	25,440	-	219	238,525	-	-	-	-
Inventories	-	-	-	82,325	-	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	971	-	1,200	-	-	-	-	-
Succeeding year taxes receivable	-	-	-	-	-	-	-	-	1,577,556	-	-
Long-term loans receivable	-	-	-	-	-	-	15,910	-	-	-	-
Total assets	$ 6,038,505	$ 824,566	$ -	$ 3,515,701	$ 17,054	$ 78,786	$ 807,004	$ 48,929	$ 1,583,267	$ 1,366,994	$ 1,803,942
LIABILITIES											
Accounts payable	$ 142,754	$ 43,913	$ -	$ 105,476	$ -	$ 974	$ -	$ -	$ -	$ -	$ 9,986
Accrued payroll	3,274	-	-	52,827	-	520	-	-	-	-	-
Retainage payable	2,147	-	-	16,360	-	-	-	-	-	-	-
Customer deposits	1,005	-	-	-	-	-	-	-	-	-	-
Intergovernmental payable	5,379	-	-	437	-	832	889	-	-	-	-
Due to other funds	644,906	130	-	106,751	-	10,884	379	-	5,711	1,082	-
Deferred revenue	11,768	465,679	-	-	-	8,051	-	-	-	-	-
Succeeding year unearned revenue	-	-	-	-	-	-	-	-	1,577,556	-	-
Total liabilities	811,233	509,722	-	281,851	-	21,261	1,268	-	1,583,267	1,082	9,986
FUND BALANCES (DEFICITS)											
Nonspendable	-	-	-	83,296	-	1,200	-	-	-	-	-
Restricted	5,227,272	314,844	-	3,150,554	-	56,325	-	48,929	-	1,365,912	1,704,768
Committed	-	-	-	-	17,054	-	805,736	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-	89,188
Unassigned	-	-	-	-	-	-	-	-	-	-	-
Total fund balances (deficits)	5,227,272	314,844	-	3,233,850	17,054	57,525	805,736	48,929	-	1,365,912	1,793,956
Total liabilities and fund balances (deficits)	$ 6,038,505	$ 824,566	$ -	$ 3,515,701	$ 17,054	$ 78,786	$ 807,004	$ 48,929	$ 1,583,267	$ 1,366,994	$ 1,803,942

City of Ames
Combining Balance Sheet (continued)
Nonmajor Special Revenue Funds
June 30, 2012

	Library Donations	Project Share	Police & Fire Donations	CDBG	Animal Shelter Donations	Public Art Donations	Developers' Projects	Economic Development & Loans	FEMA	Total Nonmajor Special Revenue Funds
ASSETS										
Cash and cash equivalents	$ 1,041,062	$ 8,615	$ 1,468	$ -	$ 174,013	$ 1,540	$ 228,515	$ 507,059	$ -	$ 13,861,439
Taxes receivable	-	-	-	-	-	-	-	-	-	5,711
Accrued interest receivable	3,355	-	-	-	528	5	138	-	-	13,937
Accounts receivable, net	-	825	-	-	200	-	-	1,736	-	5,581
Intergovernmental receivable	-	-	-	19,551	-	-	-	-	355,310	2,591,236
Loans receivable	-	-	-	4,179	-	-	-	25,123	-	37,920
Due from other funds	-	-	-	-	-	-	-	-	-	264,184
Inventories	-	-	-	-	-	-	-	-	-	82,325
Property held for resale	-	-	-	550,770	-	-	-	-	-	550,770
Prepaid items	-	-	-	940	-	-	-	-	-	3,111
Succeeding year taxes receivable	-	-	-	-	-	-	-	-	-	1,577,556
Long-term loans receivable	-	-	-	24,700	-	-	-	43,205	-	83,815
Total assets	$ 1,044,417	$ 9,440	$ 1,468	$ 600,140	$ 174,741	$ 1,545	$ 228,653	$ 577,123	$ 355,310	$ 19,077,585
LIABILITIES										
Accounts payable	$ 119,425	$ -	$ -	$ 3,084	$ 445	$ 1,500	$ -	$ -	$ -	$ 427,557
Accrued payroll	1,795	-	-	38	-	-	-	-	-	58,454
Retainage payable	-	-	-	-	-	-	-	-	-	18,507
Customer deposits	-	-	-	-	-	-	79,437	-	-	80,442
Intergovernmental payable	-	-	-	-	-	-	-	-	-	7,537
Due to other funds	-	223	-	8,758	-	-	-	-	315,676	1,094,500
Deferred revenue	-	-	-	-	-	-	-	-	348,090	833,588
Succeeding year unearned revenue	-	-	-	-	-	-	-	-	-	1,577,556
Total liabilities	121,220	223	-	11,880	445	1,500	79,437	-	663,766	4,098,141
FUND BALANCES (DEFICITS)										
Nonspendable	-	-	-	940	-	-	-	-	-	85,436
Restricted	848,119	4,814	1,468	587,320	174,296	45	149,216	-	-	13,633,882
Committed	-	-	-	-	-	-	-	577,123	-	1,399,913
Assigned	75,078	4,403	-	-	-	-	-	-	-	168,669
Unassigned	-	-	-	-	-	-	-	-	(308,456)	(308,456)
Total fund balances (deficits)	923,197	9,217	1,468	588,260	174,296	45	149,216	577,123	(308,456)	14,979,444
Total liabilities and fund balances (deficits)	$ 1,044,417	$ 9,440	$ 1,468	$ 600,140	$ 174,741	$ 1,545	$ 228,653	$ 577,123	$ 355,310	$ 19,077,585

City of Ames
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2012

	Local Option Tax	Hotel/ Motel Tax	Leased Housing	Road Use Tax	Bike Licenses	Police Forfeiture & Grants	Housing Assistance	TIF	Employee Benefit Property Tax	Police & Fire 411	Parks & Recreation Programs
REVENUES											
Taxes	$ 6,935,154	$ 1,487,328	$ -	$ -	$ -	$ -	$ -	$ 191	$ 1,456,038	$ -	$ -
Intergovernmental	263,063	-	-	5,547,195	-	56,924	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-	3,050
Investment income	-	-	-	-	-	-	-	1,311	-	11,102	16,290
Miscellaneous	-	-	-	-	-	4,292	1,548	-	-	-	1,862,719
Total revenues	7,198,217	1,487,328	-	5,547,195	-	61,216	1,548	1,502	1,456,038	11,102	1,882,059
EXPENDITURES											
Current:											
General government	-	11,588	-	78,685	-	-	-	-	-	12,416	-
Public safety	-	-	-	-	-	67,148	-	-	-	-	-
Public works	-	-	-	3,859,820	-	-	-	-	-	-	-
Health and social services	1,140,211	-	-	-	-	-	-	-	-	-	-
Culture and recreation	293,917	-	-	-	-	-	-	-	-	-	-
Community and economic development	9,498	1,285,433	-	-	-	-	41,203	-	-	-	-
Capital outlay	948,544	61,268	-	266,378	-	-	-	-	-	-	188,990
Total expenditures	2,392,170	1,358,289	-	4,204,883	-	67,148	41,203	-	-	12,416	188,990
Excess (deficiency) of revenues over (under) expenditures	4,806,047	129,039	-	1,342,312	-	(5,932)	(39,655)	1,502	1,456,038	(1,314)	1,693,069
OTHER FINANCING SOURCES (USES)											
Transfers in	85,075	-	-	-	-	-	21,294	-	-	-	-
Transfers out	(4,181,092)	(212,688)	(21,294)	-	-	-	-	(117,065)	(1,456,038)	-	-
Total other financing sources (uses)	(4,096,017)	(212,688)	(21,294)	-	-	-	21,294	(117,065)	(1,456,038)	-	-
Net change in fund balances	710,030	(83,649)	(21,294)	1,342,312	-	(5,932)	(18,361)	(115,563)	-	(1,314)	1,693,069
Fund balances, beginning	4,517,242	398,493	21,294	1,891,538	17,054	63,457	824,097	164,492	-	1,367,226	100,887
Fund balances, ending	$ 5,227,272	$ 314,844	$ -	$ 3,233,850	$ 17,054	$ 57,525	$ 805,736	$ 48,929	$ -	$ 1,365,912	$ 1,793,956

City of Ames
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2012

	Library Donations	Project Share	Police & Fire Donations	CDBG	Animal Shelter Donations	Public Art Donations	Developers' Projects	Economic Development & Loans	FEMA	Total Nonmajor Special Revenue Funds
REVENUES										
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,878,711
Intergovernmental	12,261	-	-	532,810	-	-	-	-	349,028	6,761,281
Charges for services	-	-	-	-	-	-	-	-	-	3,050
Investment income	9,960	-	-	-	1,407	13	372	-	-	40,455
Miscellaneous	423,547	19,710	60	639	26,801	200	-	46,721	-	2,386,237
Total revenues	445,768	19,710	60	533,449	28,208	213	372	46,721	349,028	19,069,734
EXPENDITURES										
Current:										
General government	-	-	-	-	-	-	-	-	-	102,689
Public safety	-	-	645	-	9,017	-	-	-	-	76,810
Public works	-	-	-	-	-	-	-	-	-	3,859,820
Health and social services	-	19,638	-	-	-	-	-	-	-	1,159,849
Culture and recreation	98,566	-	-	-	-	1,538	-	-	-	394,021
Community and economic development	-	-	-	752,539	-	-	-	114,578	-	2,203,251
Capital outlay	710,908	-	-	-	-	-	-	-	186,666	2,362,754
Total expenditures	809,474	19,638	645	752,539	9,017	1,538	-	114,578	186,666	10,159,194
Excess (deficiency) of revenues over (under) expenditures	(363,706)	72	(585)	(219,090)	19,191	(1,325)	372	(67,857)	162,362	8,910,540
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	-	-	-	-	-	106,369
Transfers out	-	-	-	-	-	-	-	-	-	(5,988,177)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	(5,881,808)
Net change in fund balances	(363,706)	72	(585)	(219,090)	19,191	(1,325)	372	(67,857)	162,362	3,028,732
Fund balances, beginning	1,286,903	9,145	2,053	807,350	155,105	1,370	148,844	644,980	(470,818)	11,950,712
Fund balances, ending	$ 923,197	$ 9,217	$ 1,468	$ 588,260	$ 174,296	$ 45	$ 149,216	$ 577,123	$ (308,456)	$ 14,979,444

Nonmajor Enterprise Funds

Enterprise funds are used to report activities for which a fee is charged to external users for goods or services.

Storm Sewer Utility Fund - to account for the fees paid by customers of the electric utility for the maintenance of the City's storm sewer system.

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

Resource Recovery Fund - to account for the operation of the City-owned resource recovery plant.

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

Homewood Golf Course Fund - to account for the operations of a nine-hole golf course.

City of Ames
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2012

	Storm Sewer Utility	Parking Lot	Resource Recovery	Ames / ISU Ice Arena	Homewood Golf Course	Total Nonmajor Enterprise Funds
ASSETS						
Current assets:						
Cash and cash equivalents	$ 1,646,374	$ 376,691	$ 2,586,176	$ 569,201	$ 106,683	$ 5,285,125
Accrued interest receivable	4,908	1,193	6,932	1,813	346	15,192
Accounts receivable, net	121,269	5,444	375,463	8,078	2,835	513,089
Due from other funds	4,733	-	63,906	-	-	68,639
Intergovernmental receivable	31,434	108	424,464	7,520	-	463,526
Inventories	-	12,103	-	5,968	2,810	20,881
Prepaid items	-	1,262	60	-	-	1,322
Total current assets	1,808,718	396,801	3,457,001	592,580	112,674	6,367,774
Noncurrent assets:						
Capital assets:						
Land	-	910,547	531,517	-	193,250	1,635,314
Land improvements	526,378	647,228	196,611	63,578	127,581	1,561,376
Buildings	-	-	11,219,650	1,688,110	87,003	12,994,763
Equipment	8,390	56,130	6,314,804	142,416	-	6,521,740
Less accumulated depreciation	(167,871)	(571,236)	(10,998,479)	(735,552)	(124,644)	(12,597,782)
Total noncurrent assets	366,897	1,042,669	7,264,103	1,158,552	283,190	10,115,411
Total assets	2,175,615	1,439,470	10,721,104	1,751,132	395,864	16,483,185
LIABILITIES						
Current liabilities:						
Accounts payable	24,280	4,189	136,403	14,072	6,156	185,100
Accrued payroll	662	8,661	2,656	2,096	4,281	18,356
Accrued compensated absences	623	1,362	3,504	594	329	6,412
Due to other funds	9,879	14,578	42,473	1,289	1,931	70,150
Retainage payable	1,179	-	3,102	4,665	-	8,946
Loans payable - current	-	-	138,351	-	-	138,351
Intergovernmental payable	384	-	61,626	166	806	62,982
Accrued landfill post-closure costs	-	-	17,253	-	-	17,253
Unearned revenue	-	5,600	-	-	-	5,600
Total current liabilities	37,007	34,390	405,368	22,882	13,503	513,150
Noncurrent liabilities:						
Accrued compensated absences	9,114	19,285	69,577	9,232	3,749	110,957
Post-employment benefits	3,681	5,254	16,833	1,127	901	27,796
Loans payable	-	-	326,831	-	-	326,831
Accrued landfill post-closure costs	-	-	265,074	-	-	265,074
Total noncurrent liabilities	12,795	24,539	678,315	10,359	4,650	730,658
Total liabilities	49,802	58,929	1,083,683	33,241	18,153	1,243,808
NET ASSETS						
Net investment in capital assets	366,897	1,042,669	6,798,921	1,158,552	283,190	9,650,229
Unrestricted	1,758,916	337,872	2,838,500	559,339	94,521	5,589,148
Total net assets	$ 2,125,813	$ 1,380,541	$ 9,637,421	$ 1,717,891	$ 377,711	$15,239,377

City of Ames
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Nonmajor Enterprise Funds
For the Year Ended June 30, 2012

	Storm Sewer	Parking Lot	Resource Recovery	Ames / ISU Ice Arena	Homewood Golf Course	Total Nonmajor Enterprise Funds
Operating revenues:						
Charges for services	$ 1,155,583	$ 779,976	$ 3,583,946	$ 475,743	$ 235,824	$ 6,231,072
Operating expenses:						
Cost of goods and services	925,266	731,370	3,560,299	455,626	227,634	5,900,195
Administration	2,061	28,416	204,004	-	-	234,481
Depreciation	11,367	12,371	432,941	66,543	8,062	531,284
Total operating expenses	938,694	772,157	4,197,244	522,169	235,696	6,665,960
Operating income (loss)	216,889	7,819	(613,298)	(46,426)	128	(434,888)
Non-operating revenues (expenses):						
Intergovernmental	94,091	-	24,950	-	-	119,041
Reimbursements	-	-	258,513	-	-	258,513
Investment income	12,529	3,157	19,226	4,938	758	40,608
Interest expense	-	-	(18,575)	-	-	(18,575)
Total non-operating revenues (expenses)	106,620	3,157	284,114	4,938	758	399,587
Income (loss) before capital contributions and transfers	323,509	10,976	(329,184)	(41,488)	886	(35,301)
Capital contributions	-	-	-	20,000	-	20,000
Transfers in	-	-	452,862	20,000	-	472,862
Change in net assets	323,509	10,976	123,678	(1,488)	886	457,561
Net assets, beginning	1,802,304	1,369,565	9,513,743	1,719,379	376,825	14,781,816
Net assets, ending	$ 2,125,813	$ 1,380,541	$ 9,637,421	$ 1,717,891	$ 377,711	$15,239,377

City of Ames
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2012

	Storm Sewer Utility	Parking Lot	Resource Recovery	Ames / ISU Ice Arena	Homewood Golf Course	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	$ 1,113,953	$ 775,221	$ 3,554,195	$ 476,155	$ 234,276	$ 6,153,800
Payments to suppliers	(413,814)	(120,308)	(1,911,005)	(213,108)	(64,526)	(2,722,761)
Payments to employees	(275,021)	(471,695)	(1,269,168)	(205,423)	(134,265)	(2,355,572)
Payments to other funds for services provided	(263,780)	(159,442)	(610,923)	(33,487)	(24,865)	(1,092,497)
Net cash provided by (used for) operating activities	161,338	23,776	(236,901)	24,137	10,620	(17,030)
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES						
Operating grants	94,091	-	24,950	-	-	119,041
Reimbursements	-	-	258,513	-	-	258,513
Transfers in	-	-	452,862	20,000	-	472,862
Net cash provided by (used for) non-capital financing activities	94,091	-	736,325	20,000	-	850,416
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(8,390)	-	(74,076)	(105,302)	-	(187,768)
Principal paid on loans	-	-	(131,214)	-	-	(131,214)
Interest paid on loans	-	-	(18,575)	-	-	(18,575)
Capital contributions	-	-	-	20,000	-	20,000
Net cash provided by (used for) capital and related financing activities	(8,390)	-	(223,865)	(85,302)	-	(317,557)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on investments	12,994	3,345	20,629	5,551	815	43,334
Net cash provided by (used for) investing activities	12,994	3,345	20,629	5,551	815	43,334
Net increase (decrease) in cash and cash equivalents	260,033	27,121	296,188	(35,614)	11,435	559,163
Cash and cash equivalents, beginning	1,386,341	349,570	2,289,988	604,815	95,248	4,725,962
Cash and cash equivalents, ending	$ 1,646,374	$ 376,691	$ 2,586,176	$ 569,201	$ 106,683	$ 5,285,125

City of Ames
Combining Statement of Cash Flows (continued)
Nonmajor Enterprise Funds
For the Year Ended June 30, 2012

	Storm Sewer Utility	Parking Lot	Resource Recovery	Ames / ISU Ice Arena	Homewood Golf Course	Total Nonmajor Enterprise Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	$ 216,889	$ 7,819	$ (613,298)	$ (46,426)	$ 128	$ (434,888)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation expense	11,367	12,371	432,941	66,543	8,062	531,284
(Increase) decrease in accounts receivable	(11,928)	(4,914)	(78,761)	7,267	(2,298)	(90,634)
(Increase) decrease in due from other funds	1,135	-	32,158	-	750	34,043
(Increase) decrease in intergovernmental receivable	(30,837)	(66)	16,852	(6,855)	-	(20,906)
(Increase) decrease in inventories	-	5,513	-	(1,903)	103	3,713
(Increase) decrease in prepaid items	-	(55)	-	-	-	(55)
Increase (decrease) in accounts payable	(27,732)	1,134	20,288	643	3,075	(2,592)
Increase (decrease) in accrued payroll	96	580	(488)	108	640	936
Increase (decrease) in accrued compensated absences	1,332	962	(19,299)	824	392	(15,789)
Increase (decrease) in due to other funds	2,605	764	(6,427)	(664)	(354)	(4,076)
Increase (decrease) in retainage payable	(1,356)	-	2,511	4,665	-	5,820
Increase (decrease) in intergovernmental payable	59	(141)	(6,868)	24	193	(6,733)
Increase (decrease) in accrued landfill post-closure costs	-	-	(15,176)	-	-	(15,176)
Increase (decrease) in unearned revenue	-	225	-	-	-	225
Increase (decrease) in post-employment benefits	(292)	(416)	(1,334)	(89)	(71)	(2,202)
Total adjustments	(55,551)	15,957	376,397	70,563	10,492	417,858
Net cash provided by (used for) operating activities	$ 161,338	$ 23,776	$ (236,901)	$ 24,137	$ 10,620	$ (17,030)
Schedule of non-cash capital and related financing activities:						
Unrealized increases (decreases) in the fair value of investments	$ (1,686)	$ (433)	$ (2,731)	$ (718)	$ (108)	$ (5,676)

Internal Service Funds

Internal service funds are used to account for services provided to other departments or agencies of the government, or to other governments on a cost-reimbursement basis.

Fleet Services Fund - to account for capital equipment other than those accounted for in other funds. A central garage is used and appropriate charges are made to other City departments for maintenance and replacement.

Information Services Fund - to account for all information technology services provided to City departments.

Risk Management Fund - to account for the self-insured workers' compensation insurance and all other insurance premiums and claims payments, other than for health insurance.

Health Insurance Fund - to account for self-insured health insurance claims payments and stop-loss premiums.

City of Ames
Combining Statement of Net Assets
Internal Service Funds
June 30, 2012

	Fleet Services	Information Services	Risk Management	Health Insurance	Total Internal Service Funds
ASSETS					
Current assets:					
Cash and cash equivalents	$ 6,926,699	$ 2,621,550	$ 1,216,093	$ 3,635,017	$14,399,359
Accrued interest receivable	21,138	8,122	3,671	10,909	43,840
Accounts receivable, net	34,497	-	-	-	34,497
Due from other funds	244,021	106,154	-	-	350,175
Intergovernmental receivable	5,018	4,501	-	-	9,519
Inventories	73,394	-	-	-	73,394
Prepaid items	7,271	57,535	-	1,900	66,706
Total current assets	7,312,038	2,797,862	1,219,764	3,647,826	14,977,490
Noncurrent assets:					
Capital assets:					
Land improvements	-	192,433	-	-	192,433
Buildings	551,493	-	-	-	551,493
Equipment	12,805,203	1,943,589	13,670	-	14,762,462
Less accumulated depreciation	(6,662,467)	(1,655,178)	(13,670)	-	(8,331,315)
Total noncurrent assets	6,694,229	480,844	-	-	7,175,073
Total assets	14,006,267	3,278,706	1,219,764	3,647,826	22,152,563
LIABILITIES					
Current liabilities:					
Accounts payable	65,942	50,595	137,105	731,486	985,128
Accrued payroll	12,024	2,358	-	-	14,382
Accrued compensated absences	2,477	4,103	172	366	7,118
Due to other funds	8,234	1,708	536	17,655	28,133
Claims payable	-	-	764,175	646,300	1,410,475
Intergovernmental payable	33,615	-	-	-	33,615
Unearned revenue	-	52,199	-	-	52,199
Total current liabilities	122,292	110,963	901,988	1,395,807	2,531,050
Noncurrent liabilities:					
Accrued compensated absences	62,228	80,441	2,367	5,234	150,270
Post-employment benefits	12,557	10,749	476	1,174	24,956
Total noncurrent liabilities	74,785	91,190	2,843	6,408	175,226
Total liabilities	197,077	202,153	904,831	1,402,215	2,706,276
NET ASSETS					
Net investment in capital assets	6,694,229	480,844	-	-	7,175,073
Unrestricted	7,114,961	2,595,709	314,933	2,245,611	12,271,214
Total net assets	$13,809,190	$ 3,076,553	$ 314,933	$ 2,245,611	$19,446,287

City of Ames
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Internal Service Funds
For the Year Ended June 30, 2012

	Fleet Services	Information Services	Risk Management	Health Insurance	Total Internal Service Funds
Operating revenues:					
Charges for services	$ 3,483,381	$ 2,117,142	$ 2,212,420	$ 6,581,073	$14,394,016
Operating expenses:					
Cost of goods and services	2,207,305	1,929,135	2,568,523	6,566,757	13,271,720
Depreciation	805,412	182,551	-	-	987,963
Total operating expenses	3,012,717	2,111,686	2,568,523	6,566,757	14,259,683
Operating income (loss)	470,664	5,456	(356,103)	14,316	134,333
Non-operating revenues (expenses):					
Investment income	56,591	21,414	7,822	29,782	115,609
Gain (loss) on disposal of capital assets	109,782	-	-	-	109,782
Total non-operating revenues (expenses)	166,373	21,414	7,822	29,782	225,391
Income (loss) before transfers	637,037	26,870	(348,281)	44,098	359,724
Transfers in	-	175,000	-	-	175,000
Transfers out	(247,319)	-	-	-	(247,319)
Change in net assets	389,718	201,870	(348,281)	44,098	287,405
Net assets, beginning	13,419,472	2,874,683	663,214	2,201,513	19,158,882
Net assets, ending	$13,809,190	$ 3,076,553	$ 314,933	$ 2,245,611	$19,446,287

City of Ames
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2012

	Fleet Services	Information Services	Risk Management	Health Insurance	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	$ 3,492,706	$ 2,125,820	$ 2,213,592	$ 6,633,667	$ 14,465,785
Payments to suppliers	(1,152,805)	(653,949)	(1,841,684)	(6,326,985)	(9,975,423)
Payments to employees	(749,683)	(903,774)	(104,424)	(158,420)	(1,916,301)
Payments to other funds for services provided	(265,419)	(311,961)	(8,768)	(13,865)	(600,013)
Net cash provided by (used for) operating activities	1,324,799	256,136	258,716	134,397	1,974,048
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers in	-	175,000	-	-	175,000
Transfers out	(247,319)	-	-	-	(247,319)
Net cash provided by (used for) non-capital financing activities	(247,319)	175,000	-	-	(72,319)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(1,549,120)	(248,747)	-	-	(1,797,867)
Proceeds from the sale of capital assets	282,474	-	-	-	282,474
Net provided by (used for) capital and related financing activities	(1,266,646)	(248,747)	-	-	(1,515,393)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	62,815	22,765	7,791	31,633	125,004
Net cash provided by (used for) investing activities	62,815	22,765	7,791	31,633	125,004
Net increase (decrease) in cash and cash equivalents	(126,351)	205,154	266,507	166,030	511,340
Cash and cash equivalents, beginning	7,053,050	2,416,396	949,586	3,468,987	13,888,019
Cash and cash equivalents, ending	$ 6,926,699	$ 2,621,550	$ 1,216,093	$ 3,635,017	$ 14,399,359

City of Ames
Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2012

	Fleet Services	Information Services	Risk Management	Health Insurance	Total Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	$ 470,664	$ 5,456	$ (356,103)	$ 14,316	$ 134,333
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation expense	805,412	182,551	-	-	987,963
(Increase) decrease in accounts receivable	9,834	-	1,172	52,594	63,600
(Increase) decrease in due from other funds	1,848	8,064	-	-	9,912
(Increase) decrease in intergovernmental receivable	(2,357)	(2,585)	-	-	(4,942)
(Increase) decrease in inventories	(5,905)	-	-	-	(5,905)
(Increase) decrease in prepaid items	3,502	13,345	-	198	17,045
Increase (decrease) in accounts payable	46,890	29,835	89,690	104,256	270,671
Increase (decrease) in accrued payroll	(920)	1,834	-	(520)	394
Increase (decrease) in accrued compensated absences	1,812	15,805	(19)	1,006	18,604
Increase (decrease) in due to other funds	(5,034)	(516)	(649)	11,779	5,580
Increase (decrease) in claims payable	-	-	524,663	(49,139)	475,524
Increase (decrease) in intergovernmental payable	49	-	-	-	49
Increase (decrease) in unearned revenue	-	3,199	-	-	3,199
Increase (decrease) in post-employment benefits	(996)	(852)	(38)	(93)	(1,979)
Total adjustments	854,135	250,680	614,819	120,081	1,839,715
Net cash provided by (used for) operating activities	$ 1,324,799	$ 256,136	$ 258,716	$ 134,397	$ 1,974,048
Schedule of non-cash capital and related financing activities:					
Unrealized increases (decreases) in the fair value of investments	$ (8,218)	$ (2,960)	$ (899)	$ (4,120)	$ (16,197)
Capital asset trade ins	20,450	-	-	-	20,450
Total non-cash capital and related financing activities	$ 12,232	$ (2,960)	$ (899)	$ (4,120)	$ 4,253

Fiduciary Funds

Agency Funds

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

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

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

City of Ames
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2012

	Payroll Clearing	Flex Benefits	Total
ASSETS			
Cash and cash equivalents	$ 296,775	$ 14,215	$ 310,990
Total assets	$ 296,775	$ 14,215	$ 310,990
LIABILITIES			
Accounts payable	$ 7,226	$ 14,215	$ 21,441
Due to other governments	289,549	-	289,549
Total liabilities	$ 296,775	$ 14,215	$ 310,990

City of Ames
Combining Statement of Changes in Assets and Liabilities
Agency Funds
June 30, 2012

	Total Agency Funds			
	Balance 07.01.11	**Additions**	**Deductions**	**Balance 06.30.12**
ASSETS				
Cash and cash equivalents	$ 269,751	$24,985,003	$24,943,764	$ 310,990
Accounts receivable, net	243	3,136	3,379	-
Total assets	$ 269,994	$24,988,139	$24,947,143	$ 310,990
LIABILITIES				
Accounts payable	$ 28,416	$10,770,461	$10,777,436	$ 21,441
Due to other governments	241,578	14,403,022	14,355,051	289,549
Total liabilities	$ 269,994	$25,173,483	$25,132,487	$ 310,990

	Payroll Clearing Fund			
	Balance 07.01.11	**Additions**	**Deductions**	**Balance 06.30.12**
ASSETS				
Cash and cash equivalents	$ 248,932	$24,160,824	$24,112,981	$ 296,775
Accounts receivable, net	243	3,136	3,379	-
Total assets	$ 249,175	$24,163,960	$24,116,360	$ 296,775
LIABILITIES				
Accounts payable	$ 7,597	$ 9,952,750	$ 9,953,121	$ 7,226
Due to other governments	241,578	14,403,022	14,355,051	289,549
Total liabilities	$ 249,175	$24,355,772	$24,308,172	$ 296,775

	Flexible Benefits Fund			
	Balance 07.01.11	**Additions**	**Deductions**	**Balance 06.30.12**
ASSETS				
Cash and cash equivalents	$ 20,819	$ 824,179	$ 830,783	$ 14,215
LIABILITIES				
Accounts payable	$ 20,819	$ 817,711	$ 824,315	$ 14,215

STATISTICAL SECTION

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

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Financial Trends 105

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

Revenue Capacity 110

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

Debt Capacity 114

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

Demographic and Economic Information 119

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

Operating Information 121

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Net investment in capital assets	$ 67,107,350	$ 72,431,317	$ 77,768,887	$ 87,975,194	$ 90,093,683	$ 95,550,370	$ 101,940,741	$ 115,002,627	$ 110,348,921	$ 111,810,541
Restricted	5,907,080	5,392,715	6,091,644	5,767,706	6,680,663	12,523,636	9,681,837	14,864,552	15,338,746	20,794,194
Unrestricted	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	12,237,776
Total governmental activities	87,128,028	93,553,141	99,110,781	111,859,472	119,075,548	127,599,168	132,474,804	140,397,482	141,325,827	144,842,511
Business-type activities										
Net investment in capital assets	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	251,498,597
Restricted	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	2,814,032
Unrestricted	103,208,153	113,464,680	114,424,423	121,916,198	136,557,327	147,185,413	143,372,402	169,009,627	218,617,981	249,745,121
Total business-type activities	277,019,444	293,088,029	310,790,304	333,631,067	362,693,471	375,233,030	378,418,117	411,669,085	464,822,683	504,057,750
Primary government										
Net investment in capital assets	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	363,309,138
Restricted	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	23,608,226
Unrestricted	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	261,982,897
Total primary government	$ 364,147,472	$ 386,641,170	$ 409,901,085	$ 445,490,539	$ 481,769,019	$ 502,832,198	$ 510,892,921	$ 552,066,567	$ 606,148,510	$ 648,900,261

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities:										
General government	$ 3,046,760	$ 2,853,720	$ 2,485,193	$ 2,206,713	$ 2,281,674	$ 2,417,083	$ 2,518,339	$ 2,492,116	$ 2,629,067	$ 2,559,365
Public safety	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	15,144,853
Public works	8,187,203	8,968,386	9,348,746	9,763,569	10,185,328	11,675,389	13,090,595	13,780,841	16,339,571	14,938,688
Health and social services	959,605	917,209	909,454	951,645	982,108	1,034,327	1,159,050	1,151,848	1,250,292	1,159,849
Culture and recreation	5,158,304	5,268,507	5,435,218	5,667,626	6,147,047	6,591,544	6,668,942	7,043,477	7,703,519	8,818,851
Community and economic development	2,989,990	2,612,198	2,447,892	2,743,874	3,404,127	3,219,621	3,850,712	3,042,375	4,262,698	2,875,118
Capital projects	220,248	364,871	1,788,341	732,402	41,834	-	-	-	-	-
Interest	1,674,910	1,635,493	1,589,465	1,548,265	1,532,782	1,537,842	1,571,257	1,471,758	1,469,661	1,298,010
Total governmental activities	32,504,604	32,780,599	34,861,813	35,202,341	36,567,124	39,578,439	41,870,359	42,116,116	47,936,159	46,794,734
Business-type activities:										
Mary Greeley Medical Center	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	155,374,830
Electric	30,586,148	32,052,383	35,167,126	38,388,459	40,398,204	43,727,636	39,716,298	41,642,821	48,241,832	50,159,375
Sewer	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	7,956,963
Water	4,765,393	5,097,617	5,088,878	5,468,343	5,811,849	6,054,928	6,514,499	6,827,194	7,099,299	6,630,919
Transit	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	10,002,499
Storm sewer	422,673	385,303	375,498	473,286	474,425	458,119	1,080,705	782,489	917,771	918,495
Parking lot	626,843	799,523	808,289	777,261	828,138	856,518	766,381	819,988	805,253	767,154
Resource recovery	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	4,184,929
Ice arena	482,014	471,392	460,759	469,884	432,532	480,418	511,334	565,303	526,660	521,670
Golf course	222,710	205,478	202,407	226,069	224,749	217,964	218,708	218,021	230,698	232,689
Total business-type activities	145,817,295	150,645,491	168,047,727	183,663,336	200,858,284	214,591,266	220,635,533	217,127,075	225,154,730	236,749,523
Total expenses	178,321,899	183,426,090	202,909,540	218,865,677	237,425,408	254,169,705	262,505,892	259,243,191	273,090,889	283,544,257
Program Revenues										
Governmental activities:										
Charges for services:										
General government	1,513,615	1,480,807	1,131,802	717,309	816,844	837,787	1,367,765	1,308,062	1,404,478	118,459
Public safety	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	2,864,844
Public works	4,284,873	4,388,186	4,393,060	4,474,526	4,443,497	4,461,876	5,181,523	5,865,263	5,231,237	6,601,518
Culture and recreation	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	2,031,204
Other activities	51,435	17,707	49,490	41,488	217,915	197,556	73,674	34,005	24,163	7,630
Operating grants and contributions	2,277,904	2,568,666	2,150,390	2,745,231	2,595,245	3,545,354	2,437,772	2,524,027	2,758,176	1,091,752
Capital grants and contributions	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	4,985,082
Total governmental activities	16,295,448	15,067,482	15,672,578	16,010,300	14,527,505	18,585,734	15,408,468	19,685,180	18,222,051	17,700,489

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Business-type activities:										
Charges for services										
Mary Greeley Medical Center	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	171,389,850
Electric	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	57,195,559
Sewer	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	6,188,602
Water	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	8,824,494
Transit	2,988,830	3,172,940	2,745,924	3,454,757	3,793,525	4,079,218	4,507,801	4,626,529	5,588,406	4,828,097
Storm sewer	400,162	415,082	433,885	647,138	676,692	828,644	878,597	984,077	957,122	1,155,583
Parking lot	716,025	835,781	715,634	776,341	685,500	860,255	792,023	762,746	872,625	779,976
Resource recovery	3,047,135	3,124,654	3,925,447	4,191,902	4,072,777	3,813,799	3,444,001	3,676,954	4,374,268	3,583,946
Ice arena	454,414	398,281	379,783	373,698	389,163	417,715	444,671	433,628	472,015	475,743
Golf course	196,159	208,336	214,051	212,116	198,124	215,923	234,701	246,357	220,388	235,824
Operating grants and contributions	1,763,879	1,771,872	508,639	1,252,304	1,665,682	2,721,873	2,681,074	2,922,399	2,567,137	2,751,186
Capital grants and contributions	3,297,323	2,332,603	3,040,686	4,967,908	1,724,159	3,290,701	1,345,340	5,819,635	5,541,433	8,991,024
Total business-type activities	154,840,583	161,986,046	181,269,452	198,658,966	215,848,288	228,170,712	232,725,310	239,153,787	251,305,765	266,399,884
Total program revenues	171,136,031	177,053,528	196,942,030	214,669,266	230,375,793	246,756,446	248,133,778	258,838,967	269,527,816	284,100,373
Net (expense) / revenue										
Governmental activities	(16,209,156)	(17,713,117)	(19,189,235)	(19,192,041)	(22,039,619)	(20,992,705)	(26,461,891)	(22,430,936)	(29,714,108)	(29,094,245)
Business-type activities	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	29,650,361
Total net (expense) / revenue	(7,185,868)	(6,372,562)	(5,967,510)	(4,196,411)	(7,049,615)	(7,413,259)	(14,372,114)	(404,224)	(3,563,073)	556,116
General revenues										
Governmental activities:										
Taxes										
Property taxes	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	23,485,295
Sales taxes	4,830,051	5,243,506	5,221,245	5,321,048	5,983,409	5,890,362	6,246,630	5,954,773	6,117,664	6,935,154
Hotel / motel taxes	766,311	760,168	854,246	1,127,307	1,298,009	1,106,797	1,822,205	1,142,162	1,416,830	1,518,571
Unrestricted grants and contribution	668,704	48,413	31,045	14,945	15,573	20,676	15,842	15,842	15,990	17,040
Investment income	747,546	489,786	828,277	1,404,140	2,074,008	2,058,452	1,508,776	673,003	499,004	436,302
Other income	(274,961)	308,156	703	-	-	-	-	-	-	314,699
Gain (loss) on disposal of assets	-	-	-	-	-	-	-	-	-	127,182
Transfers	320,785	225,888	83,144	35,964	231,849	292,383	307,267	351,946	(228,423)	(223,314)
Total governmental activities	23,180,520	24,138,230	24,746,875	26,379,175	28,916,686	29,516,325	31,337,527	30,353,614	30,642,453	32,610,929
Business-type activities:										
Investment income	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	4,197,199
Gain (loss) on disposal of assets	3,104	(246,848)	199,929	-	119,501	2,814	1,311	1,151	18,421	5,164,193
Special item	-	-	-	-	-	-	-	-	9,382,844	-
Transfers	(320,785)	(225,888)	(83,144)	(35,964)	(231,849)	(292,383)	(307,267)	(351,946)	228,423	223,314
Total business-type activities	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	9,584,706
Total primary government	25,469,603	28,866,260	29,227,425	34,224,308	42,989,086	28,476,438	22,432,837	41,577,870	57,645,016	42,195,635
Change in net assets										
Governmental activities	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	3,516,684
Business-type activities	11,312,371	16,068,585	17,702,275	22,840,763	29,062,404	12,539,559	3,185,087	33,250,968	53,153,598	39,235,067
Total change in net assets	$ 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	$ 42,751,751

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General fund										
Reserved	$ 134,833	$ 119,344	$ 189,955	$ 173,039	$ 256,946	$ 276,068	$ 190,599	$ -	$ -	$ -
Unreserved	4,595,140	4,987,655	5,417,003	5,646,663	6,289,199	6,377,565	6,933,392	-	-	-
Nonspendable	-	-	-	-	-	-	-	68,171	97,918	96,235
Assigned	-	-	-	-	-	-	-	74,962	124,097	147,752
Unassigned	-	-	-	-	-	-	-	7,248,755	7,751,289	7,924,363
Total general fund	$ 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	$ 8,168,350
All other governmental funds										
Reserved	$ 6,684,379	$ 6,934,080	$ 6,758,486	$ 7,175,778	$ 7,619,673	$ 14,663,188	$ 11,630,104	$ -	$ -	$ -
Unreserved, reported in:										
Capital projects fund	-	-	-	-	2,110,682	-	-	-	-	-
Nonmajor special revenue funds	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	1,976,152
Restricted	-	-	-	-	-	-	-	17,214,109	16,940,269	24,621,403
Committed	-	-	-	-	-	-	-	6,239,090	5,577,769	1,399,913
Assigned	-	-	-	-	-	-	-	678,764	1,259,956	316,669
Unassigned	-	-	-	-	-	-	-	-	(470,818)	(308,456)
Total all other governmental funds	$ 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	$ 28,005,681

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
REVENUES										
Taxes	$ 21,718,446	$ 23,065,987	$ 23,803,706	$ 24,924,126	$ 26,595,256	$ 27,144,814	$ 29,505,642	$ 29,312,823	$ 30,355,882	$ 31,908,563
Special assessments	327,594	309,133	253,868	321,523	139,570	117,218	136,817	301,709	238,106	217,885
Licenses and permits	928,479	1,123,645	1,162,071	973,003	983,238	1,083,017	1,071,936	1,068,920	1,138,714	1,327,206
Intergovernmental	11,072,338	6,719,372	7,811,093	7,835,417	8,728,084	8,260,076	7,889,894	11,276,398	11,408,113	9,098,425
Charges for services	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	4,039,097
Fines and forfeitures	147,339	149,005	165,243	180,453	191,626	186,848	214,672	180,059	196,748	214,641
Investment income	997,741	667,644	884,551	1,360,294	1,725,443	1,824,426	1,345,607	664,464	635,176	320,693
Miscellaneous	697,072	1,294,378	853,681	426,886	421,027	3,365,417	875,643	412,881	476,659	2,991,483
Total revenues	38,800,680	36,131,904	37,795,442	38,935,318	41,991,382	45,378,664	44,491,888	46,860,682	48,418,610	50,117,993
EXPENDITURES										
Current:										
General government	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	2,405,265
Public safety	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	14,938,537
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	5,538,204
Health and social services	958,521	918,839	909,947	953,620	982,063	1,033,776	1,159,726	1,156,893	1,252,377	1,159,849
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	7,224,794
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	2,870,859
Debt service:										
Principal	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	7,385,280
Interest and fiscal charges	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	1,389,368
Debt issuance costs	30,679	-	-	-	-	-	-	-	-	-
Capital outlay	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	10,884,449
Total expenditures	43,906,507	41,975,388	42,892,309	42,999,278	42,649,723	49,378,966	55,189,241	54,167,834	54,484,347	53,796,605
Excess (deficiency) of revenues over (under) expenditures	(5,105,827)	(5,843,484)	(5,096,867)	(4,063,960)	(658,341)	(4,000,302)	(10,697,353)	(7,307,152)	(6,065,737)	(3,678,612)
OTHER FINANCING SOURCES (USES)										
Transfers in	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	8,476,754
Transfers out	(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)	(8,627,749)
Capital transfers out	(743,588)	-	-	(162,957)	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	35,772
General obligation bonds issued	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	6,675,000
Premium on general obligation bonds	117,670	42,916	60,193	33,665	73,086	69,583	85,108	247,038	197,459	12,885
Refunding bonds issued	3,212,820	-	-	-	-	-	6,995,000	-	5,980,000	-
Premiums on refunding bonds	-	-	-	-	-	-	210,985	-	-	-
Payment to refunded bond escrow	(3,170,822)	-	-	-	-	-	(7,150,000)	-	(7,250,000)	-
Total other financing sources (uses)	5,639,047	6,747,162	6,200,097	5,402,368	5,620,455	9,412,102	6,271,677	11,763,984	5,758,492	6,572,662
Net change in fund balances	$ 533,220	$ 903,678	$ 1,103,230	$ 1,338,408	$ 4,962,114	$ 5,411,800	$ (4,425,676)	$ 4,456,832	$ (307,245)	$ 2,894,050
Debt service as a percentage of noncapital expenditures	21.4%	23.4%	22.2%	26.5%	20.8%	19.8%	19.5%	19.6%	15.9%	19.2%

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

Fiscal Year Ended June 30,	Residential Property	Commercial Property	Industrial Property	Utilities	Industrial M&E/Computers	Less: Military Tax Exemption	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Estimated Actual Taxable Value
2003	$ 740,806,402	$ 807,747,474	$ 77,126,240	$ 17,306,739	$ 3,140,447	$ 3,120,620	$1,643,006,682	9.6396	$2,354,597,383	69.78%
2004	758,652,072	858,404,884	79,460,930	18,617,645	-	3,044,688	1,712,090,843	9.6763	2,429,777,471	70.46%
2005	812,554,188	833,418,402	84,967,190	16,598,600	-	2,965,052	1,744,573,328	9.9487	2,616,823,544	66.67%
2006	865,439,973	835,027,560	91,023,260	15,430,574	-	2,894,676	1,804,026,691	10.1661	2,746,981,177	65.67%
2007	932,834,583	842,294,846	108,536,430	15,836,321	-	2,912,270	1,896,589,910	10.2519	3,003,950,459	63.14%
2008	988,802,548	832,616,846	99,794,440	14,985,782	-	2,888,194	1,933,311,422	10.4359	3,120,176,952	61.96%
2009	1,005,587,549	815,275,464	107,483,480	16,390,291	-	2,941,902	1,941,794,882	11.0624	3,224,629,664	60.22%
2010	1,081,452,054	825,225,818	110,467,400	16,557,530	-	2,927,086	2,030,775,716	10.8582	3,327,852,693	61.02%
2011	1,145,943,933	834,382,923	132,671,800	16,025,529	-	2,849,302	2,126,174,883	10.8458	3,431,600,584	61.96%
2012	1,203,280,867	821,428,238	129,708,000	16,640,931	-	2,797,446	2,168,260,590	10.8437	3,453,383,950	62.79%

Source: Story County Auditor

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

	City Direct Rates					Overlapping Rates[1]			Total
Fiscal Year	General[2]	Public Transit	Employee Benefits	Debt Service	Total Direct Tax Rate[3]	Ames School District[4]	Consoli-dated County[5]	Area Vocational[6]	Direct & Overlapping Rates
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
2012	6.00441	0.63491	0.67239	3.53194	10.84365	14.51772	6.34859	0.59018	32.30014

[1] Overlapping rates are those of local and county governments that may apply to property owners within the City of Ames. Not all overlapping rates apply to all Ames property taxpayers.
[2] State law limits the maximum tax rate for the general fund to $8.10 per thousand dollars of assessed valuation.
[3] City Council sets the rate.
[4] School district board of education sets the rate.

City of Ames
Principal Property Taxpayers
Current Year and Nine Years Ago

	2012			2003		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Assessed Value**
Barilla America, Inc.[1]	$ 41,429,000	1	1.91%	$ 24,283,900	2	1.48%
Campus Investors IS, LLC	39,509,414	2	1.82%			
Jensen Development Corporation	38,893,100	3	1.79%			
University West Property	29,638,600	4	1.37%			
Iowa State University Research	26,139,500	5	1.21%	8,794,851	5	0.54%
West Towne, LC	24,595,900	6	1.13%			
North Grand Mall Partners, LLC	24,535,400	7	1.13%	25,654,874	1	1.56%
Dayton Parl, LLC	22,602,900	8	1.04%			
Alexander, LC	21,342,800	9	0.98%			
Wal-Mart Stores, Inc.	20,300,000	10	0.94%			
Clinic Building Co., Inc.				13,477,608	3	0.82%
Midwest Centers				11,132,104	4	0.68%
Principal Life Insurance Company				8,460,047	6	0.51%
Gateway Center, Ltd.				8,212,689	7	0.50%
SUSA Holding of Story County, Inc.				8,180,000	8	0.50%
FHS Ames 1, LP				7,874,403	9	0.48%
IES Utilities, Inc.				7,825,619	10	0.48%
	$ 288,986,614		13.32%	$ 123,896,095		7.55%

[1] Barilla's increased valuation reflects the expiration of their property tax abatement.

Source: Story County Auditor

City of Ames
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Tax Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2003	$15,870,964	$15,668,691	98.73%	$ 80,213	$15,748,904	99.23%
2004	16,618,895	16,608,297	99.94%	52,567	16,660,864	100.25%
2005	17,401,486	17,370,482	99.82%	10	17,370,492	99.82%
2006	18,344,342	18,189,338	99.16%	2,044	18,191,382	99.17%
2007	19,446,934	19,022,332	97.82%	2,254	19,024,586	97.83%
2008	20,178,912	19,862,565	98.43%	224	19,862,789	98.43%
2009	21,484,466	21,125,479	98.33%	8,062	21,133,541	98.37%
2010	22,054,085	21,908,298	99.34%	152	21,908,450	99.34%
2011	23,064,211	22,546,083	97.75%	3,546	22,549,629	97.77%
2012	23,516,201	23,211,397	98.70%	-	23,211,397	98.70%

Note: Tax collections for fiscal years prior to 2012 have been reduced by credits not included in the levy.

Sources: Story County Auditor and City of Ames finance department

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

	Governmental Activities	Business-type Activities							
Fiscal Year	General Obligation Bonds[1]	General Obligation Bonds[1]	Revenue Bonds[1]	Notes Payable	Loans Payable	Total Outstanding Debt	Percentage of Personal Income[2]	Population[3]	Per Capita
2003	$37,054,005	$ 4,186,286	$38,195,582	$ 2,212,672	$ -	$81,648,545	8.31%	52,013	$1,570
2004	37,980,578	3,069,595	34,912,288	1,575,450	-	77,537,911	7.89%	52,037	1,490
2005	38,679,143	2,466,867	31,430,534	907,121	-	73,483,665	7.41%	52,554	1,398
2006	36,873,027	1,879,972	27,970,725	283,825	-	67,007,549	5.62%	52,599	1,274
2007	36,536,503	1,310,000	24,406,269	27,865	-	62,280,637	5.09%	54,012	1,153
2008	40,080,476	1,344,511	23,123,710	-	-	64,548,697	5.12%	55,599	1,161
2009	39,895,688	3,323,867	21,940,583	3,197,834	-	68,357,972	5.21%	56,510	1,210
2010	44,723,845	2,673,753	20,750,495	5,813,116	726,804	74,688,013	5.67%	56,657	1,318
2011	44,463,332	2,442,080	19,327,272	4,395,970	683,896	71,312,550	5.58%	58,965	1,209
2012	43,644,283	2,203,850	83,590,984	2,933,922	535,182	132,908,221	9.65%	58,965	2,254

[1] Presented net of original issuance discounts and premiums
[2] Personal income is presented on page 119.
[3] United States Census Bureau

Note: Prior year amounts have been restated to reflect premiums and discounts.

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

Fiscal Year	General Obligation Bonds[1]	Less: Amounts Available in Debt Service Fund[2]	Total	Percentage of Estimated Actual Taxable Value of Property[3]	Per Capita[4]
2003	$41,240,291	$ 2,272,537	$38,967,754	1.65%	$ 749
2004	41,050,173	1,715,319	39,334,854	1.62%	756
2005	41,146,010	1,439,613	39,706,397	1.52%	756
2006	38,752,999	1,275,590	37,477,409	1.36%	713
2007	37,846,503	1,107,194	36,739,309	1.22%	680
2008	41,424,987	1,423,410	40,001,577	1.28%	719
2009	43,219,555	1,990,754	41,228,801	1.28%	730
2010	47,397,598	2,467,664	44,929,934	1.35%	793
2011	46,905,412	1,942,412	44,963,000	1.31%	763
2012	45,848,133	1,658,922	44,189,211	1.28%	749

[1] General bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.
[2] This is the amount restricted for debt service principal payments.
[3] See page 110 for property value data.
[4] See page 119 for population data.

Note: Prior year general obligation bond amounts were restated to include business-type bonds.

City of Ames
Direct and Overlapping Governmental Activities Debt
As of June 30, 2012

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Amount Applicable to Primary Government
Debt repaid with property taxes:			
Ames Community School District	$ 220,000	97.98%	$ 215,556
Gilbert Community School District	17,725,000	47.69%	8,453,053
Des Moines Area Community College (1)	76,595,000	5.95%	4,557,403
Nevada Community School District	3,090,000	0.13%	4,017
Story County	8,115,756	60.99%	4,949,800
Other debt:			
Ames Community School District revenue bonds	6,431,394	97.98%	6,301,480
Gilbert Community School District revenue bonds	8,900,000	47.69%	4,244,410
Des Moines Area Community College revenue bonds	3,540,000	5.95%	210,630
Des Moines Area Community College capital leases	82,666	5.95%	4,919
Nevada Community School District revenue bonds	11,100,000	0.13%	14,430
Nevada Community School District capital leases	25,900	0.13%	34
United Community School District capital leases	51,018	1.02%	520
Subtotal, overlapping debt			28,956,252
City direct debt			43,644,283
Total direct and overlapping debt			$72,600,535

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

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

City of Ames
Legal Debt Margin
June 30, 2012

Legal debt margin for the fiscal year ended June 30, 2012:

Assessed value	$ 3,453,383,950
Debt limit (5% of actual value)	$ 172,669,198
Debt applicable to limit:	
General obligation bonds	45,240,000
Legal debt margin	$ 127,429,198
Percentage of net debt margin available	73.80%
Percentage of net debt margin exhausted	26.20%

Year	Debt Limit	Outstanding Debt	Percentage of Net Debt Margin Available
2012	$ 172,669,198	$ 45,240,000	73.80%
2011	171,580,029	46,185,000	73.08%
2010	166,392,635	46,735,000	71.91%
2009	161,231,483	42,700,000	73.52%
2008	156,008,848	41,195,000	73.59%
2007	150,197,523	37,665,000	74.92%
2006	137,349,059	38,690,000	71.83%
2005	130,841,177	41,065,000	68.61%
2004	121,488,874	40,945,000	66.30%
2003	117,729,869	40,990,000	65.18%

City of Ames
Pledged-Revenue Coverage
Last Ten Fiscal Years

Hospital Revenue Bond

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2003	$ 100,317,729	$ 85,662,680	$ 14,655,049	$ 1,200,000	$ 1,960,195	4.64
2004	109,100,843	88,031,896	21,068,947	1,355,000	1,301,741	7.93
2005	125,887,097	101,474,465	24,412,632	1,435,000	1,212,363	9.22
2006	136,084,871	112,439,877	23,644,994	1,480,000	1,169,313	8.92
2007	157,405,562	124,439,101	32,966,461	1,530,000	1,117,513	12.45
2008	150,176,042	133,102,085	17,073,957	1,030,000	1,056,313	8.18
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
2012	175,097,050	139,964,878	35,132,172	1,375,000	3,069,633	7.90

Electric Revenue Bond

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2003	$ 33,648,009	$ 26,299,186	$ 7,348,823	$ 1,685,000	$ 566,463	3.26
2004	35,287,295	27,931,609	7,355,686	1,740,000	187,775	3.82
2005	37,433,752	30,987,158	6,446,594	1,780,000	144,275	3.35
2006	43,291,313	34,061,735	9,229,578	1,825,000	99,775	4.80
2007	47,486,293	36,571,857	10,914,436	1,860,000	54,150	5.70
2008	48,984,018	40,719,115	8,264,903	100,000	3,000	80.24
2009	-	-	-	-	-	-
2010	-	-	-	-	-	-
2011	-	-	-	-	-	-
2012	-	-	-	-	-	-

Sewer Revenue Bond

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2003	$ 4,318,822	$ 3,130,524	$ 1,188,298	$ 290,000	$ 6,163	4.01
2004	-	-	-	-	-	-
2005	-	-	-	-	-	-
2006	-	-	-	-	-	-
2007	-	-	-	-	-	-
2008	-	-	-	-	-	-
2009	-	-	-	-	-	-
2010	-	-	-	-	-	-
2011	-	-	-	-	-	-
2012	-	-	-	-	-	-

City of Ames
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population[1]	Per Capita Personal Income [1]	Personal Income	School Enrollment[2]	Unemployment Rate[3]
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%
2011	58,965	23,363	1,377,599,295	4,224	4.1%

[1] United States Census Bureau
[2] Ames School District
[3] Iowa Workforce Development

City of Ames
Principal Employers
Current Year

	2012[1]		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment**
Iowa State University	14,427	1	29.38%
Mary Greeley Medical Center	1,356	2	2.76%
Iowa Department of Transportation	962	3	1.96%
City of Ames	944	5	1.92%
McFarland Clinic, P.C.	920	4	1.87%
Hy-Vee Food Stores	743	6	1.51%
Sauer-Danfoss Company	650	7	1.32%
Ames Community School District	650	8	1.32%
Ames Laboratories	472	9	0.96%
Wal-Mart	440	10	0.90%
Total			43.90%

[1] Comparative data for nine years ago is not available.

Sources: United States Department of Labor, City of Ames, and company inquiries.

City of Ames
Full-time Equivalent Employees by Function
Last Ten Fiscal Years

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government:										
Management services	23.00	22.75	22.50	22.25	22.25	22.25	22.50	23.50	22.50	22.50
Finance	41.25	41.25	38.75	38.75	38.75	39.75	40.75	40.75	40.75	40.75
Planning and housing	11.00	9.75	8.75	8.75	10.50	10.50	10.50	10.50	10.50	8.00
Fleet services/facilities	8.50	8.50	8.50	8.50	8.50	8.50	9.50	9.50	9.50	9.50
Transit	73.45	74.45	74.45	73.70	73.70	73.70	75.70	75.70	75.95	75.95
Fire/inspections	63.00	63.00	63.00	63.00	63.00	65.00	68.00	68.00	68.00	68.50
Police/animal control/parking	73.40	73.40	73.40	72.40	74.40	74.40	74.65	74.65	77.65	77.65
Library	30.25	30.25	30.25	30.25	30.50	31.00	31.00	31.00	31.00	31.50
Parks and recreation	22.75	22.75	22.00	22.00	22.00	20.50	20.50	20.50	20.50	19.50
Waste water treatment	22.25	22.25	22.25	22.25	22.25	22.50	22.50	22.50	22.50	22.50
Water	18.75	18.75	18.75	18.75	18.75	19.00	19.00	19.00	19.00	19.00
Electric	79.00	79.00	79.00	79.00	79.00	81.00	81.00	81.00	81.00	81.00
Public works:										
Administration	4.00	3.75	3.25	3.25	3.00	3.00	3.00	3.00	3.00	3.00
Engineering	12.00	12.00	12.00	12.00	12.00	13.00	13.00	13.00	13.00	14.00
Resource recovery	16.90	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
Streets	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00
Utility maintenance	12.00	11.00	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	13.00	13.00	13.00	13.00	13.00
Hospital	946.04	930.97	960.34	987.33	1,019.33	1,055.70	1,088.50	1,044.00	1,055.00	1,064.00
Total	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	1,615.35

Source: City finance department

City of Ames
Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year									
Function/Program	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
General government:										
Number of licenses/permits processed[1]	843	1,206	1,048	1,008	877	1,003	650	537	512	462
Subdivision requests	32	33	16	16	14	14	15	13	13	7
Police:										
Physical arrests	1,154	1,270	1,201	1,051	1,340	1,468	1,599	1,417	1,415	1,395
Parking violations	48,876	61,858	51,126	53,367	56,566	57,931	54,754	46,354	52,147	48,947
Traffic violations	3,351	2,438	3,000	3,809	3,820	3,012	2,724	3,080	2,953	4,068
Fire:										
Number of fires	107	148	142	148	169	165	162	148	175	188
Number of ambulance assists	1,075	1,072	1,197	1,436	1,711	1,877	1,927	2,099	2,211	2,178
Inspections	801	818	1,016	1,007	974	1,018	632	731	1,011	829
Library:										
Total circulation	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	1,343,758
Library visits	451,041	457,441	471,164	450,000	459,000	462,967	424,504	435,572	416,908	443,895
Parks and recreation:										
Total number of participant visits[2]	117,113	119,287	118,456	114,297	117,790	145,760	138,840	155,880	201,344	216,930
Total number of activities	135	135	135	137	136	123	123	125	127	127
Resource recovery:										
Tons of refuse processed	44,798	48,272	51,840	54,497	50,792	52,482	50,057	50,614	56,789	53,731
Tipping fee per ton	52.75	53.85	52.75	52.75	52.75	52.75	52.75	52.75	52.75	52.75
Other public works:										
Blocks of streets crack sealed	176	160	176	142	124	108	51	45	65	110
Blocks of streets slurry sealed	63	68	73	-	-	46	-	-	-	-
Blocks of seal coat reconstruction	6	7	8	9	-	12	14	17	8	6
Hospital:										
Total admissions	9,438	9,279	10,178	9,970	10,113	10,002	9,748	9,292	9,918	9,617
Average percent of occupancy	54.0%	53.0%	55.6%	54.3%	56.9%	57.9%	62.1%	59.6%	57.1%	56.3%
Electric:										
Kilowatt hours produced at plant	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	307,447,978
Meters in service	20,901	21,170	22,375	22,906	23,827	23,946	24,237	24,290	24,436	24,844
Transit:										
Passengers	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	5,759,883
Total miles driven	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	1,412,162
Water:										
Billion gallons per year pumped	2.111	2.186	2.137	2.311	2.440	2.330	2.029	1.961	2.074	2.151
Utility locates performed	5,356	5,747	6,081	5,779	5,500	5,502	5,650	5,417	6,471	6,466
Water main breaks[3]	28	68	27	21	51	44	29	23	37	18
Wastewater:										
Billion gallons per year treated	1.959	2.136	1.997	1.887	2.475	2.507	2.438	2.385	2.501	1.906

[1] The State of Iowa took over issuing plumbing, electrical, and mechanical licenses in 2009.
[2] Golf course participants added in 2008. Aquatic center opened in 2010.
[3] A two-pressure water system was implemented in 2004 causing additional water main breaks.

Sources: City departments and Mary Greeley Medical Center

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

Function	Fiscal Year 2003	2004	2005	2006	2007	2008	2009	2010	2011	2011
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	7	7	7	7	8	8	9	9	9	9
Fire stations	3	3	3	3	3	3	3	3	3	3
Parks and recreation:										
Total number of parks	33	33	33	33	34	34	36	36	36	36
Total number of park acres	1,196	1,196	1,196	1,196	1,199	1,199	1,213	1,213	1,213	1,213
Total number of athletic fields	19	19	18	18	18	18	18	18	18	18
Other public works:										
Miles of streets[1]	178	240	244	241	244	246	250	254	260	272
Number of traffic signals	60	60	60	59	59	59	63	70	70	70
Number of signs	8,806	8,881	9,325	9,267	9,291	9,274	9,441	9,575	9,759	9,852
Hospital:										
Beds in operation	204	198	198	198	199	199	199	199	199	199
Transit:										
Buses owned	67	69	69	61	63	66	70	72	79	84
New buses purchased	7	3	-	4	4	-	4	14	7	7
Water:										
Miles of water mains	220	223	230	233	243	235	236	240	241	241
Fire hydrants	2,200	2,250	2,374	2,406	2,451	2,577	2,586	2,619	2,650	2,648
Wells	22	22	22	22	25	28	28	28	28	28
Wastewater:										
Sanitary sewer miles	187	189	192	196	195	201	199	200	201	202
Storm sewer miles	192	201	220	240	231	249	257	257	261	263

[1] GIS system implemented in 2004.

Sources: City departments and Mary Greeley Medical Center.

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

Compliance Section

The open house for the Ames Intermodal Facility, held on June 9, 2012, was attended by approximately 150 people. Several dignitaries, including Senator Tom Harkin, Federal Transit Administrator Peter Rogoff, and Iowa State University President Steven Leath, were present to share in the festivities.

EideBailly

CPAs & BUSINESS ADVISORS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ames, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the City of Ames, Iowa's basic financial statements and have issued our report thereon dated December 19, 2012. 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. Other auditors audited the financial statements of Mary Greeley Medical Center (presented as an enterprise fund), as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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

Internal Control over Financial Reporting

Management of the City of Ames, Iowa, is responsible for establishing and maintaining effective 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.

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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 previously.

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, 2012, 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
December 19, 2012

EideBailly

CPAs & BUSINESS ADVISORS

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, 2012. 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, 2012.

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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 Bailly LLP

Dubuque, Iowa
December 19, 2012

City of Ames
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Federal Grantor / Pass-Through Number	Expenditures Year Ended June 30, 2012
U.S. Department of Housing and Urban Development:			
Direct Program:			
Community Development Block Grant Program Cluster:			
Community Development Block Grants / Entitlement Grants	14.218	B-11-MC-19-0010	$ 517,703
ARRA-Community Development Block Grant ARRA Entitlements (CDBG-R) (Recovery Act Funded)	14.253	B-09-MY-19-0010	15,107
Total U.S. Department of Housing and Urban Development			532,810
U.S. Department of Justice:			
Direct Program:			
Bulletproof Vest Partnership Program	16.607		5,399
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-DJ-BX-0795	1,164
Total U.S. Department of Justice			6,563
U.S. Department of Transportation:			
Direct Program:			
Airport Improvement Program	20.106	3-19-0004-19-2010	663,480
Airport Improvement Program	20.106	3-19-0004-20-2011	39,840
			703,320
Pass-through Program from Iowa Department of Transportation:			
Iowa Department of Transportation			
Highway Planning and Construction	20.205	12MPO-AAMPO	63,400
Highway Planning and Construction	20.205	STP-ES-0155(659)--8I-85	269,868
ARRA-Highway Planning and Construction	20.205	ESL-0155(668)--7S-85	2,641
Highway Planning and Construction	20.205	STP-U-0155(671)--70-85	505,293
Highway Planning and Construction	20.205	HDP-0155(675)--71-85	406,924
Highway Planning and Construction	20.205	STP-U-0155(676)--70-85	159,873
			1,407,999
Direct Program:			
Federal Transit Program Cluster:			
Federal Transit-Capital Investment Grants	20.500	IA-04-0111-00	202,104
Federal Transit-Capital Investment Grants	20.500	IA-04-0113-015-11	313,398
Federal Transit-Capital Investment Grants	20.500	IA-04-0120-00	4,070
Federal Transit-Capital Investment Grants	20.500	IA-04-0121-00	1,811,499
Federal Transit-Formula Grants	20.507	IA-90-X371-00	1,528,279
			3,859,350
Pass-through Program from Iowa Department of Transportation:			
Federal Transit - Formula Grants	20.507	95-X003-015-09	7,338
Total Federal Transit Programs Cluster			3,866,688
Metropolitan Transportation Planning	20.505	12MPO-AAMPO	27,658
Formula Grants for Other Than Urbanized Areas	20.509	ICB CY11 Ames	300,000

The notes to the schedule of expenditures of federal awards is an integral part of this schedule.

City of Ames
Schedule of Expenditures of Federal Awards (continued)
For the Year Ended June 30, 2012

Federal Transit Program Cluster:			
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	16-X001-015-08	4,400
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	16-X001-015-11	104,835
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	16-X002-015-12	17,920
Job Access-Reverse Commute	20.516	37-X017-015-11	3,442
Job Access-Reverse Commute	20.516	37-X022-015-12	70,897
Total Federal Transit Programs Cluster			201,494
Direct Program:			
ARRA-Capital Assistance Program for Reducing Energy Consumption and Greenhouse Gas Emissions	20.523	IA-77-0001-00	18,779
Pass-through Program from Iowa Department of Transportation:			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	PAP 12-410, Task 02	19,917
Direct Program:			
ARRA-Surface Transportation-Discretionary Grants for Capital Investments	20.932	IA-78-0001-00	5,721,468
Total U.S. Department of Transportation			12,267,323
National Endowment for the Humanities:			
Pass-through Program from American Library Association:			
Promotion of the Humanities - Public Program	45.164	ALA PPO Grant 129	3,000
Total National Endowment for the Humanities			3,000
U.S. Department of Energy:			
Direct Program:			
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	DE-SC0003027	15,767
Pass-through Program from Office of Energy Independence:			
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	EECBG 10-3426	1,259
Total U.S. Department of Energy			17,026
U.S. Department of Health and Human Services:			
Pass-through Program from Iowa Department of Public Health:			
Immunization Grants	93.268	5881I471	3,630
Immunization Grants	93.268	5882I471	6,078
			9,708
National Bioterrorism Hospital Preparedness Program	93.889	5882BHP13	16,910
Total U.S. Department of Health and Human Services			26,618
U.S. Department of Homeland Security:			
Pass-through Program from Iowa Department of Homeland Security and Emergency Management			
Disaster Grants-Public Assistance (Presidentially-Declared Disasters)	97.036	FEMA 1930-DR-IA	181,951
Buffer Zone Protection Program (BZPP)	97.078	2008-BZ-T8-0003	25,611
Total U.S. Department of Homeland Security			207,562
Total Expenditures of Federal Awards			$ 13,060,902

The notes to the schedule of expenditures of federal awards is an integral part of this schedule.

City of Ames
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

I. 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 they are earned by the City, and expenditures are recorded in the year incurred.

II. 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 one in the notes to the City's financial statements. All expenditures of federal awards received directly from federal agencies, as well as expenditures of federal awards passing through other government agencies, are included on the schedule.

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:

CFDA Number	Name of Federal Program or Cluster
20.932	ARRA – Surface Transportation _ Discretionary Grants for Capital Investment
Cluster: 14.218	Community Development Block Grants/ Entitlement Grants
14.253	ARRA - Community Development Block Grant Entitlement Grants (CDBG-R)

Dollar threshold used to distinguish between Type A and Type B programs	$391,409
Auditee qualified as low-risk auditee	Yes

Part II: Other Findings Related to Required Statutory Reporting:

II-A-12 **Certified Budget** – Disbursements during the year ended June 30, 2012, did not exceed the amount budgeted.

II-B-12 **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-12 **Travel Expense** – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

II-D-12 **Business Transactions** – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Mike Wheelock, Utility Accounts Supervisor, wife is part owner of Heartland Pet Hospital	Veterinary Services	$ 417
Jan Huess, Library employee, husband is owner of Huess Printing	Printing Services	894
Joanne Van Dyke, Cyride Employee, husband is owner of ICS Advanced Technologies	Technology Contract	4,200
Cindy Hollar, Planning and Housing employee, husband is owner of Reese Electric Motor Co.	Motor Services	3,150

In accordance with Chapter 362.5(10) of the Code of Iowa, the transactions with Mike Wheelock and Jan Huess 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 ICS Advanced Technologies 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-12 **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-12 **Council Minutes** – No transactions were found that we believe should have been approved in the Council minutes but were not.

II-G-12 **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-12 **Revenue Bonds** – No instances of noncompliance with the provisions of the City's revenue bond resolutions were noted.