CITY OF
Ames™

City of Ames, Iowa

Comprehensive Annual Financial Report

For the Fiscal Year Ended
June 30, 2013

The theme for this year's CAFR is the city's sesquicentennial celebration. Various pictures and photographs from our vibrant history fill the pages as we usher in 150 years of Ames living. Special thanks to the Ames Historical Society and the Ames Public Library for many of the photographs and information about the city.

1864

year the City of Ames was established

58,965

current population of the City of Ames

636

population of the City of Ames in 1870

CITY OF AMES, IOWA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2013

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

JUDGE & RODGERS BAKERY

North side of Onondaga between Douglas and Kellogg, looking west. In three-story Odd Fellows Building can be seen the sign for Judge & Rodgers Bakery. Surveyors are seen in street locating streetcar tracks laid in 1907. Beyond Kellogg corner is livery stable operated by Frank Morris. Very little development beyond stable, just an occasional residence.

December 20, 2013

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

The City of Ames, Iowa (City) is required by the Code of Iowa to publish a complete set of audited financial statements presented in conformity with generally accepted accounting principles. Pursuant to these requirements, the Comprehensive Annual Financial Report (CAFR) of the City for the fiscal year ended June 30, 2013, 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, 2013. The independent auditor's report is presented as the first component of the financial section in this report.

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

Profile of the City of Ames

The City was incorporated in 1864 under the laws of the State of Iowa, later amended in July 1975 under the Home Rule City Act. The City is located in central Iowa, 30 miles north of Des Moines. Ames is the eighth largest city in Iowa and serves a population of 58,965, according to the 2010 census. The City is empowered to levy a property tax on real property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

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

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

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

Local economy

The City is supported by a diverse economy, 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 2013, the U.S. Bureau of Labor Statistics reported that the Ames metropolitan statistical area (MSA) ranked as the 5th lowest unemployment rate in the nation at 3.0%, well below the national rate of 7.0% and Iowa rate of 4.6%. The Ames MSA unemployment number reflects strong growth in employment with the addition of 1,800 jobs between October 2012 and October 2013. 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 3.8% from January 2011 to January 2012. Iowa State University had another record enrollment with 33,241 students for the fall 2013 semester, an increase of 2,201 students. The American Institute for Economic Research ranked Ames as second "Best College Town" in the latest edition of its College Destinations Index.

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 *VentureBeat* 2013 study of the 100 Smartest Cities in America named Ames as number five on the list.

The technology sector continued to expand in Ames as WebFilings, LLC completed a new 51,000 square foot office facility in the Iowa State University Research Park. Construction is well underway on a 60,000 square foot addition as part of a project that will add 700 new full-time jobs and move the WebFilings corporate headquarters to Ames.

The retail and service sectors have also seen continued growth as Mary Greeley Medical Center, an Ames-based, regional hospital, is near completion on a $129 million expansion and renovation of the Ames facility. The North Grand Mall completed a $30 million project that will expand and reconfigure 150,000 square feet of retail space. Construction is also underway on a new Dodge/Chrysler/Jeep dealership in the expanding South Dayton commercial area, and the Duff Avenue commercial district continues to redevelop with the addition of Sports Authority and PetCo retail stores, both new to the Ames market. City Council took action to provide tax increment financing assistance to a major redevelopment in the Campustown business district. Kingland Systems will begin a project for a 75,000 square foot structure that will provide office space for their expanding workforce as well as retail space at street level.

Long-term financial planning and major initiatives

The CyRide transit facility expansion project is near completion and will provide more storage for buses, flood protection, and increased ceiling height to accommodate the height of hybrid buses.

The $20 million expansion and renovation project for the Ames Public Library is well underway. Demolition is complete and the building has been closed in so work can continue during the winter months. Construction is expected to be complete in 2014.

The City Council took steps to annex property to the north of the City for residential growth and to the east of the City for commercial and industrial expansion. These projects will provide for several years of incremental growth at the current tax rate.

City Council agreed to convert the electric utility's primary form of fuel from coal to natural gas. The utility will begin a series of projects to convert the plant and add a natural gas pipeline.

City Council approved the addition of a referendum to the ballot in March 2014, which would approve the issuance of $18 million in bonds to renovate existing convention space and expand convention flat space. This would be a jointly-funded project with Iowa State University.

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, 2012. This is the 34th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable program requirements.

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

The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2013. 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 26th 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

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Ames

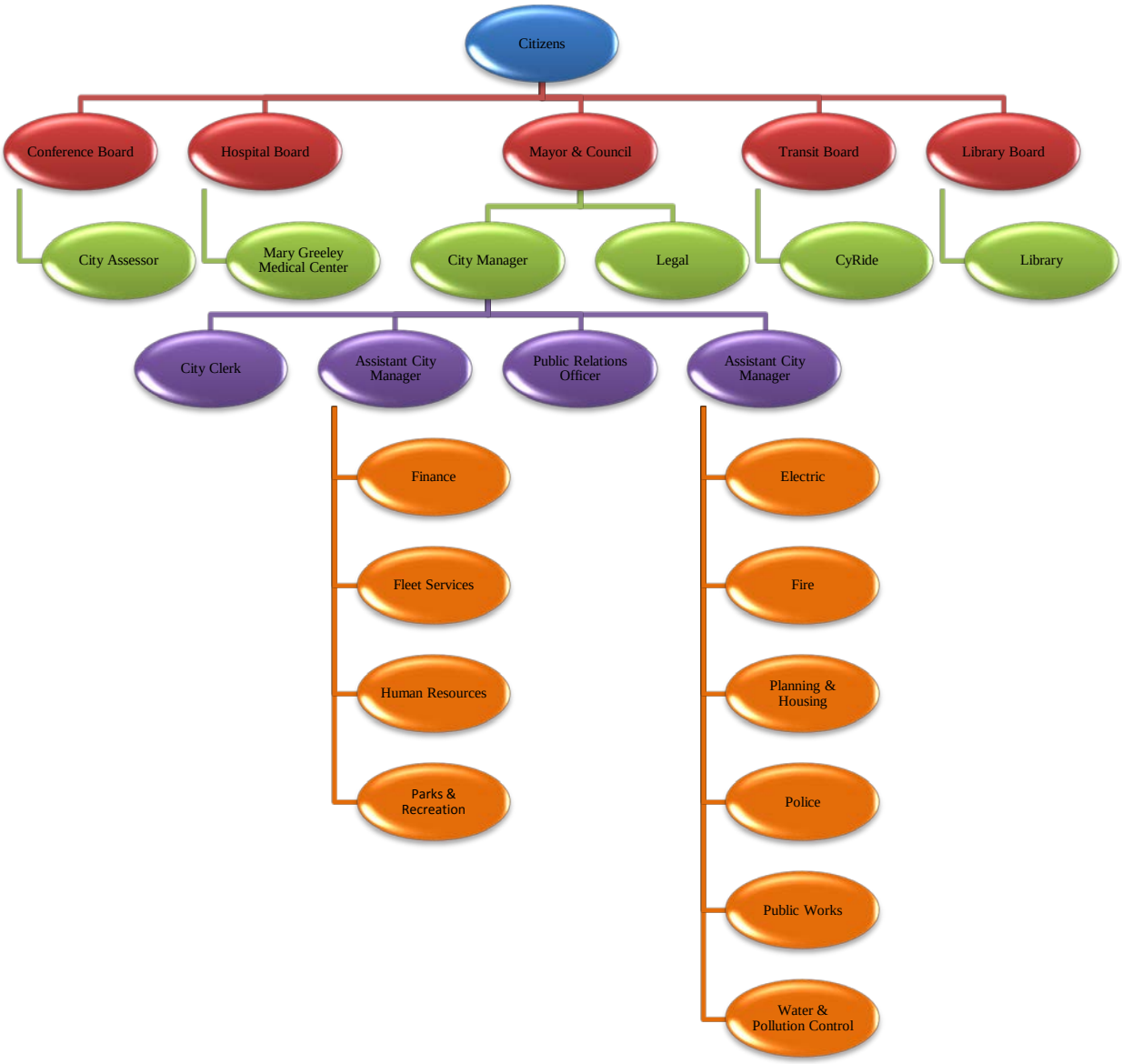
Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

City of Ames
Organizational Chart
June 30, 2013



City of Ames
List of Elected and Appointed Officials
June 30, 2013

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	Judy Parks
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	Vacant
Director of Planning and Housing	Vacant
Director of Public Works	John Joiner
Director of Water and Pollution Control	John Dunn
Fire Chief	Shawn Bayouth
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 Tretina

FINANCIAL SECTION

BRIEF POLICE HISTORY

Town Marashall William A. Ricketts, pictured left, affectionately known as "Big Bill," was a one-person police force from 1896 to 1903, when the Ames population was 2,400. Ricketts spent his time corralling brawlers, chastising bootleggers, and nabbing thieves. Terry Bird, pictured lower right checks damage to office communications after City Hall was bombed on May, 22, 1970.

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

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

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ames, Iowa (City) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Mary Greeley Medical Center (presented as an enterprise fund), which is both a major fund and 59 percent, 53 percent, and 67 percent, respectively, of the assets, net position, and revenues of the business- type activities. We did not audit the financial statements of the component unit, which represents 100 percent of the assets, net position, and revenues of the component unit. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Mary Greeley Medical Center and the component unit, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Audit Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the component unit were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ames, Iowa, as of June 30, 2013, and the respective changes in financial position and, where, applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 19, 2013 on our consideration of the City of Ames, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ames, Iowa's internal control over financial reporting and compliance.

Eide Bailly LLP

Dubuque, Iowa
December 19, 2013

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, 2013. 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 $687,641,616 (*net position*). Of this amount, $290,000,517 represents unrestricted net position, which may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by $38,741,355, primarily due to increases in utility rates, activities at Mary Greeley Medical Center (the hospital), and improved market conditions, which increased the hospital's investment income.
- As of the close of the current fiscal year, the City's governmental funds reported combined fund balances of $58,929,664, an increase of $22,755,633 in comparison with the prior year. Approximately 12.27% of this amount ($7,233,251) is available for spending at the government's discretion (*unassigned fund balance*). The increase in fund balance is largely due to unspent proceeds of general obligation bonds issued for the library renovation and expansion and various other capital projects.
- 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 $8,285,395, or approximately 32.01% of total General Fund expenditures.
- The City's total long-term outstanding debt increased by $34,960,615 during the current fiscal year because of the library and hospital renovation and expansion projects and various other capital projects.
- Within the City's business-type activities, revenues exceeded expenses by $38,002,459. The City policy is to set rates that fund operational expenses of business-type activities and most capital improvements. The increase in net position represents funds accumulated for planned future capital expenses, including the current renovation and 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 position* presents financial information on all of the City's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

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

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

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

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

The City maintains 24 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 21 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 the Code of Iowa. A budgetary comparison schedule has been provided as required supplementary information to demonstrate compliance with this budget.

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

Proprietary Funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its hospital, electric, sewer, water, transit, storm sewer, parking, resource recovery, ice arena, and 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 37-78 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 80-83 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 87-105 of this report.

Government-wide Overall Financial Analysis

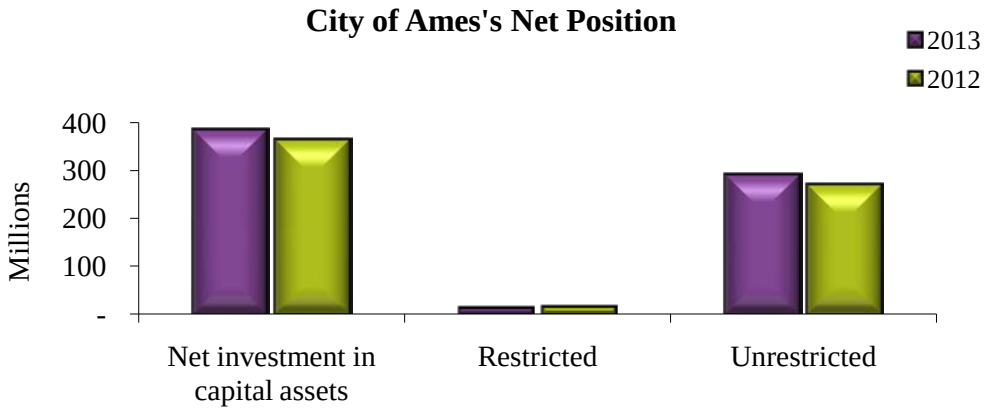
As noted earlier, net position, over time, may serve as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by $687,641,616 at the close of the most recent fiscal year.

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	$ 97,117,591	$ 72,026,981	$ 358,517,810	$ 345,463,467	$ 455,635,401	$ 417,490,448
Net capital assets	148,328,646	146,656,958	329,090,485	282,936,411	477,419,131	429,593,369
Total assets	245,446,237	218,683,939	687,608,295	628,399,878	933,054,532	847,083,817
Long-term liabilities outstanding	70,033,374	45,904,796	114,203,269	102,606,842	184,236,643	148,511,638
Other liabilities	29,831,456	27,936,632	31,344,817	21,735,286	61,176,273	49,671,918
Total liabilities	99,864,830	73,841,428	145,548,086	124,342,128	245,412,916	198,183,556
Net position:						
Net investment in capital assets	112,305,532	111,810,541	272,253,133	251,498,597	384,558,665	363,309,138
Restricted	12,081,140	12,052,215	1,001,294	2,814,032	13,082,434	14,866,247
Unrestricted	21,194,735	20,979,755	268,805,782	249,745,121	290,000,517	270,724,876
Total net position	$ 145,581,407	$ 144,842,511	$ 542,060,209	$ 504,057,750	$ 687,641,616	$ 648,900,261

The largest portion of the City's net position (55.92%) reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure) less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

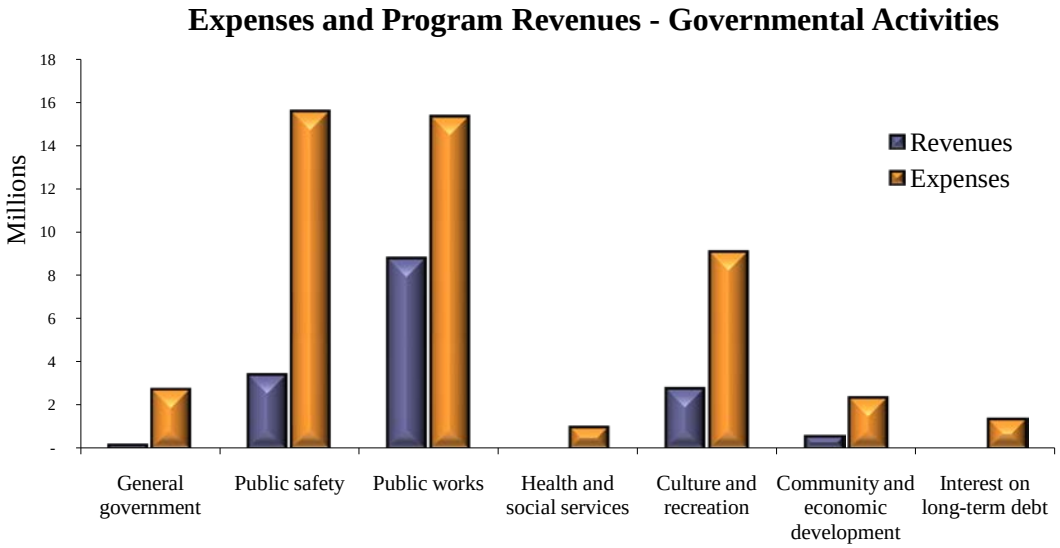
An additional portion of the City's net position ($13,082,434, or 1.90%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of $290,000,517 is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

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



Governmental Activities. During the current fiscal year, net position for governmental activities increased $738,896 from the prior fiscal year for an ending balance of $145,581,407. Taxes are the largest source of governmental revenue with property taxes of $23,913,389 and local option sales taxes of $6,655,355 in 2013. The $428,094 increase in property tax collections in 2013 over 2012 is due to increased taxable valuation with a slightly lower tax rate than the prior year. Hotel/motel tax increased $241,891 over 2012 because of more hotel stays in the City.

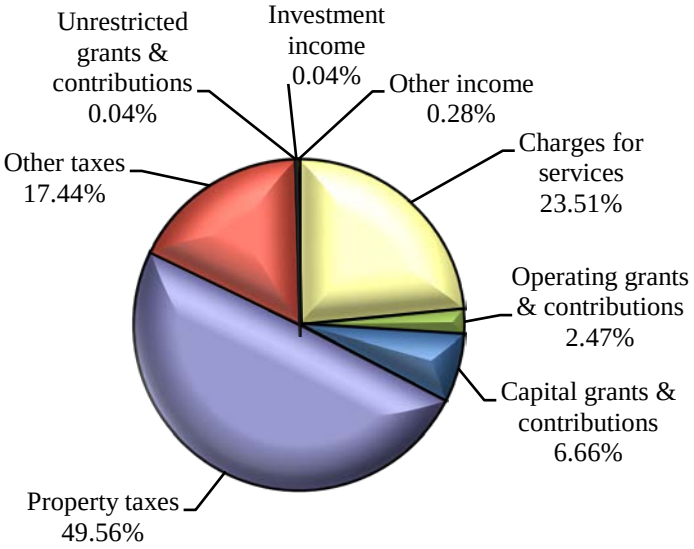
Governmental activities expenses increased $726,728 from 2012, or 1.55%. The two functions with the greatest increase were public safety and public works. Public safety expenses increased $444,516, primarily due to increases in salaries and benefits of police and fire personnel. One of the larger factors contributing to an increase in public works expenses was an increase in weather events over the previous year.



City of Ames's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues						
Charges for services	$ 11,342,934	$ 11,623,655	$259,691,807	$254,657,674	$271,034,741	$266,281,329
Operating grants & contributions	1,192,687	1,091,752	2,723,226	2,751,186	3,915,913	3,842,938
Capital grants & contributions	3,211,001	4,985,082	8,604,246	8,991,024	11,815,247	13,976,106
General revenues						
Property taxes	23,913,389	23,485,295	-	-	23,913,389	23,485,295
Other taxes	8,415,817	8,453,725	-	-	8,415,817	8,453,725
Unrestricted grants & contributions	17,726	17,040	-	-	17,726	17,040
Investment earnings	18,067	436,302	13,003,757	4,197,199	13,021,824	4,633,501
Other	136,155	441,881	75,852	5,164,193	212,007	5,606,074
Total revenues	48,247,776	50,534,732	284,098,888	275,761,276	332,346,664	326,296,008
Expenses:						
General government	2,755,166	2,559,365	-	-	2,755,166	2,559,365
Public safety	15,589,369	15,144,853	-	-	15,589,369	15,144,853
Public works	15,352,458	14,938,688	-	-	15,352,458	14,938,688
Health & social services	1,005,458	1,159,849	-	-	1,005,458	1,159,849
Culture & recreation	9,082,953	8,818,851	-	-	9,082,953	8,818,851
Community & economic development	2,366,904	2,875,118	-	-	2,366,904	2,875,118
Interest on long-term debt	1,369,323	1,298,010	-	-	1,369,323	1,298,010
Mary Greeley Medical Center	-	-	160,369,431	155,374,830	160,369,431	155,374,830
Electric	-	-	52,411,173	50,159,375	52,411,173	50,159,375
Sewer	-	-	9,122,173	7,956,963	9,122,173	7,956,963
Water	-	-	6,856,515	6,630,919	6,856,515	6,630,919
Transit	-	-	10,629,183	10,002,499	10,629,183	10,002,499
Storm Sewer	-	-	655,522	918,495	655,522	918,495
Parking Lot	-	-	846,825	767,154	846,825	767,154
Resource Recovery	-	-	4,375,362	4,184,929	4,375,362	4,184,929
Ames/ISU Ice Arena	-	-	606,215	521,670	606,215	521,670
Homewood Golf Course	-	-	211,279	232,689	211,279	232,689
Total expenses	47,521,631	46,794,734	246,083,678	236,749,523	293,605,309	283,544,257
Increase in net position before transfers	726,145	3,739,998	38,015,210	39,011,753	38,741,355	42,751,751
Transfers	12,751	(223,314)	(12,751)	223,314	-	-
Increase in net position	738,896	3,516,684	38,002,459	39,235,067	38,741,355	42,751,751
Net position - beginning	144,842,511	141,325,827	504,057,750	464,822,683	648,900,261	606,148,510
Net position - ending	$145,581,407	$144,842,511	$542,060,209	$504,057,750	$687,641,616	$648,900,261

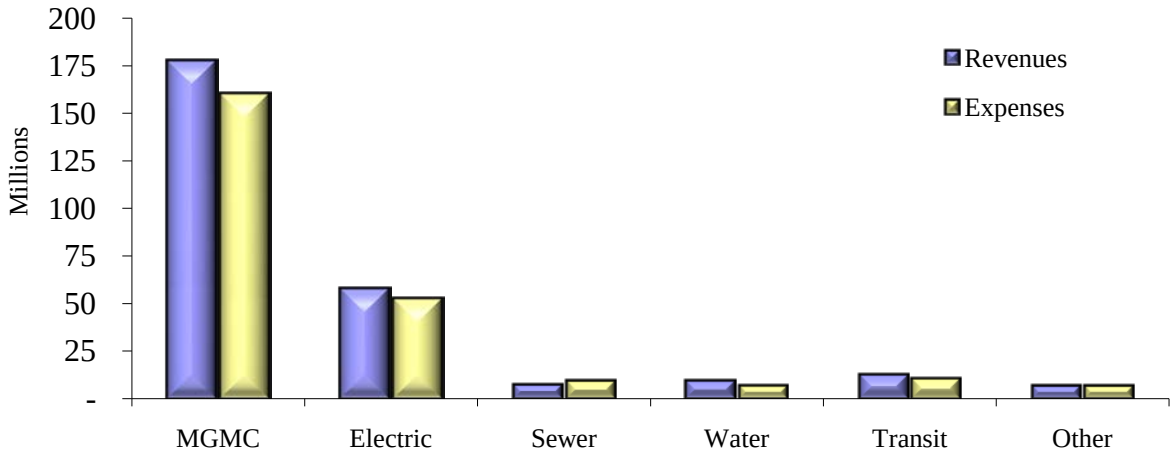
Revenues by Source - Governmental Activities



Business-type Activities. Business-type activities increased net position by $38,002,459, accounting for 98.09% of the City's growth in net position at June 30, 2013. This is approximately $1.2 million lower than the increase in net position for business-type activities in the prior fiscal year. Some of the larger differences between the two years include higher contributions in 2012 for the now-completed transit intermodal facility ($3 million), a large gain on disposal of capital assets for the sale of a hospital outpatient facility in 2012 ($3.7 million), and an increase in hospital investment income due to improved market conditions ($9.3 million).

The expenses of the business-type activities increased $9,334,155, or 3.94% Approximately $5 million of this is from hospital salary and benefit increases due to both wage increases and an increase in staff numbers. Electric expenses were up approximately $2.3 million over 2012 because of increases in the cost of fuel and purchased power, and because of an overhaul of a steam turbine. Sewer expenses increased almost $1.2 million because of aging assets in need of repair.

Expenses and Program Revenues - Business-type Activities



Financial Analysis of Governmental Funds

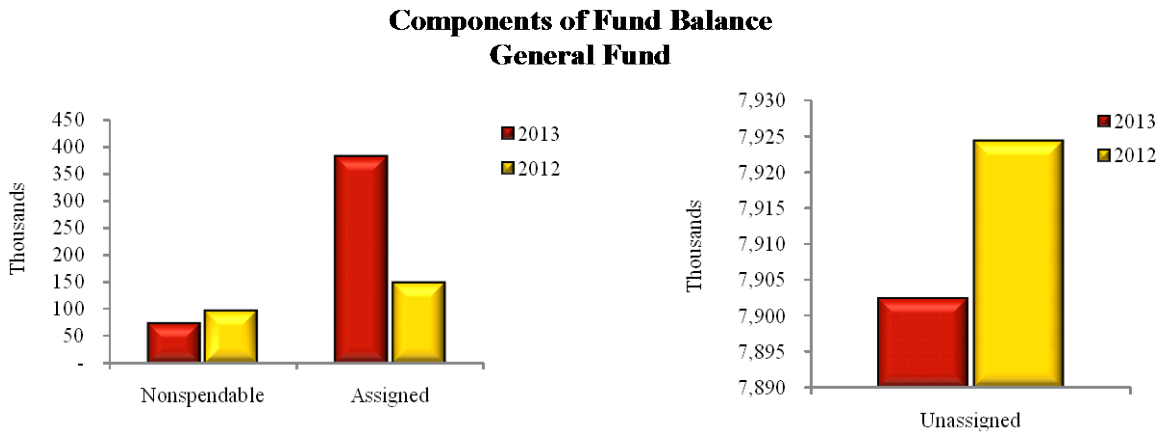
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

The City's governmental funds reported combined fund balances of $58,929,664 at June 30, 2013, an increase of $22,755,633 in comparison with the prior year. Approximately 12.27% of this amount ($7,233,251) 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 ($187,903); 2) legally

required to be maintained intact ($1,905,419); 3) restricted for particular purposes ($47,672,976); 4) committed for particular purposes ($1,547,185); or 5) assigned for particular purposes ($382,930).

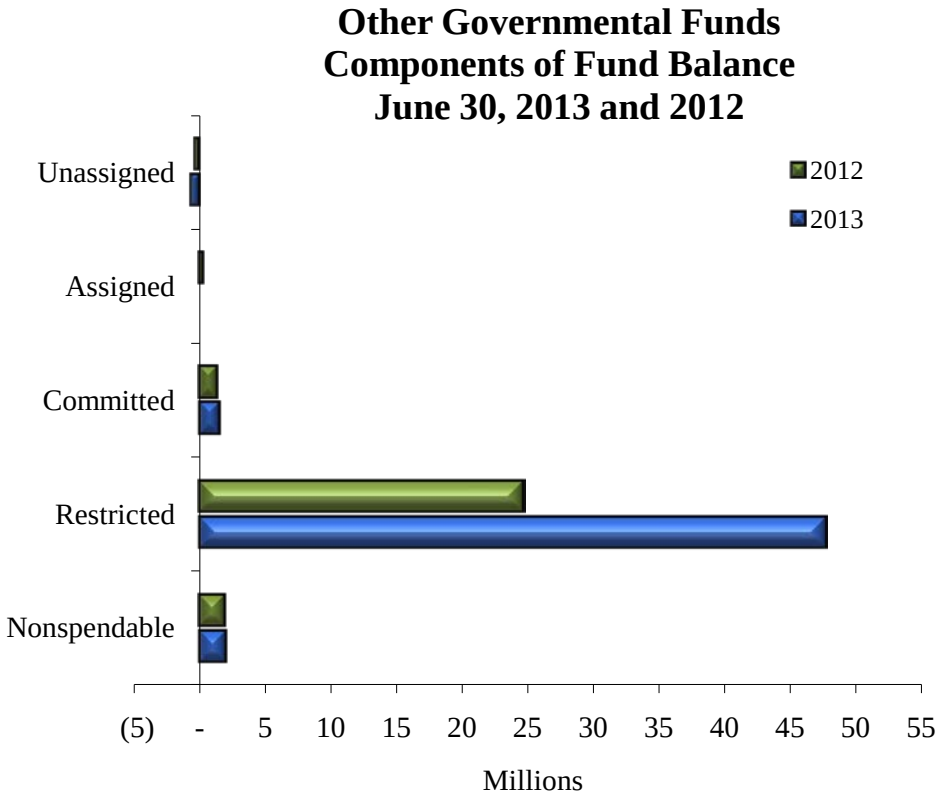
The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was $7,902,465, while total fund balance increased $190,668 to $8,359,018. The ending fund balance is 32.30% of the fiscal year expenditures, exceeding the City's goal of 20% of expenditures.



The Capital Projects Fund had an increase of $22,775,988 in fund balance during the fiscal year, which put the overall fund balance at $32,162,906. The fund balance had a large increase because bonds that were planned to be issued in early fiscal year 2014 were issued at the end of 2013 to provide funds needed for the library renovation and expansion project. Since the bonds were issued late in the fiscal year, a majority of the proceeds remain unspent at the end of the year.

The Debt Service Fund's fund balance decreased by $398,716 during 2013. Debt service payments were slightly higher than the prior year due to the higher amount of debt outstanding. The timing of bond issuances and expenditures has allowed the City to maintain a fund balance in debt service in excess of $1.2 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 $187,693 over 2012. The Road Use Tax Fund had a $586,998 increase in fund balance, however, this was approximately $750,000 lower than the previous year's increase due to an increase in weather events. The FEMA fund decreased by $292,675 because of claims that were submitted but not yet processed. The remainder of the other governmental funds had insignificant changes.



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

The combined net position of the enterprise funds at June 30, 2013, totaled $535,858,598, of which 49.01% ($262,604,171) is unrestricted. This is a $38,157,913, or 7.67%, increase over the net position in 2012. The net position of the internal service funds is $19,298,162, a $148,125 decrease from the 2012 net position. Unrestricted net position accounts for $12,152,877 (62.97%) of the total internal service fund net position balance.

Approximately $30 million of the total increase in net position is attributable to the hospital. Even though operating income was down from 2012, a large increase in investment income due to favorable market conditions and an increase in capital contributions made up a large part of this increase. The net position in the transit fund increased by $3.5 million, primarily because of grants for the CyRide facility expansion.

Significant changes in the internal service funds include higher costs for the health insurance fund due to an increase in the cost of medical and pharmacy claims. Investment income was down, as with all of the other funds, and the gain on disposal of capital assets was lower than in 2012.

General Fund Budgetary Highlights

Original Budget Compared to Final Budget. There were two amendments to the City's 2012-2013 budget. The first amendment was passed in March 2013 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) a delay in the start of the City Hall renovation project; 2) hotel/motel taxes $250,000 more than expected due to an increase in hotel stays; 3) salary savings due to turnover and open positions; and 4) a delay in purchases in capital.

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, 2013, amounts to $477,419,131 (net of accumulated depreciation), an increase of $47,825,762, or 11.13%, above the 2012 investment in capital assets. The investment in capital assets includes land, buildings, infrastructure, plant and distribution systems, machinery, and equipment.

Some of the major capital asset additions include:

- $3.2 million construction in progress for the library renovation and expansion
- $2.1 million construction in progress for the new water plant
- $6.2 million construction in progress for the electric utility's 161 kV interconnection project
- $1.7 million construction in progress for the transit facility expansion
- $3.5 million in new transit buses including two new articulated buses
- $33 million construction in progress for the hospital renovation and expansion

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	
	2013	2012	2013	2012	2013	2012
Land	$ 11,576,058	$ 11,053,028	$ 11,719,187	$ 11,458,618	$ 23,295,245	$ 22,511,646
Other nondepreciable assets	4,173,152	4,143,817	-	-	4,173,152	4,143,817
Depreciable assets	124,765,276	130,113,006	245,850,640	247,247,035	370,615,916	377,360,041
Construction in progress	7,814,160	1,347,107	71,520,658	24,230,758	79,334,818	25,577,865
Total	$148,328,646	$146,656,958	$329,090,485	$282,936,411	$477,419,131	$429,593,369

Long-term Debt. At the end of the current fiscal year, the City had $161,879,591 in outstanding bonded debt. Of this amount, $72,308,392 is debt backed by the full faith and credit of the government and $89,571,199 is revenue bonds issued by proprietary funds.

City of Ames's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation bonds, net	$ 67,647,632	$ 43,633,557	$ 4,660,760	$ 2,203,850	$ 72,308,392	$ 45,837,407
Revenue bonds	-	-	89,571,199	83,391,700	89,571,199	83,391,700
Loans payable	-	-	4,167,950	535,182	4,167,950	535,182
Notes payable	-	-	1,611,285	2,933,922	1,611,285	2,933,922
Total	$ 67,647,632	$ 43,633,557	$100,011,194	$ 89,064,654	$167,658,826	$132,698,211

The City's total debt increased by $34,960,615 (26.35%) during the current fiscal year. The bonds issued consist of $11.5 million for the hospital renovation and expansion, $17.6 million for the library renovation and expansion, and the remainder for various other capital projects.

The City maintains a Aaa rating from Moody's Investor Services on all of 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, 2011, related to the 2012-2013 fiscal year. The current debt limitation for the City is $174,277,177. 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 65-73 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following economic factors currently affect the City and were considered in developing the 2013-2014 fiscal year budget:

- An unemployment rate for the City of 3.9% for calendar year 2012, slightly lower than the prior year's rate of 4.1%; and lower than the 2012 rate for the State of Iowa (5.2%) and the nation (8.1%)
- A 6% increase in water rates, as part of a series of water rate increases, to fund the new water treatment plant
- A 9% increase in sanitary sewer rates to correct deficiencies in the City's collection system and fund improvements at the aging Water Pollution Control facility
- An overall property tax rate increase of $0.14 per $1,000 of taxable valuation to fund an increase in contributions to the Municipal Fire and Police Retirement System of Iowa and the increased debt service payments for the library renovation and expansion
- An 8% increase in health insurance costs, which the fund balance in the self-insured health insurance fund will help to absorb

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

Basic Financial Statements

City of Ames
Statement of Net Position
June 30, 2013

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
ASSETS				
Current assets:				
Cash and cash equivalents	$ 34,452,817	$ 55,741,533	$ 90,194,350	$ 438,739
Investments	39,346,079	20,395,565	59,741,644	-
Taxes receivable	73,441	-	73,441	-
Special assessments receivable	239,656	-	239,656	-
Accrued interest receivable	178,458	145,790	324,248	-
Accounts receivable, net	259,838	27,356,347	27,616,185	84
Pledges receivable, net	-	-	-	2,637,426
Intergovernmental receivable	3,607,195	3,944,459	7,551,654	-
Loans receivable	36,921	-	36,921	-
Internal balances	(8,515,609)	8,515,609	-	-
Inventories	215,823	8,649,801	8,865,624	-
Assets held for resale	550,770	-	550,770	-
Prepaid items	112,320	2,453,098	2,565,418	-
Restricted current assets:				
Cash and cash equivalents	-	585	585	-
Investments	-	24,065,889	24,065,889	-
Accrued interest receivable	-	698,507	698,507	-
Total current assets	70,557,709	151,967,183	222,524,892	3,076,249
Noncurrent assets:				
Investments	-	21,002,640	21,002,640	10,984,602
Succeeding year taxes receivable	25,199,952	-	25,199,952	-
Long-term loans receivable	45,460	-	45,460	-
Long-term special assessments receivable	772,396	-	772,396	-
Deferred debt issuance costs	542,074	979,065	1,521,139	-
Other assets	-	8,274,841	8,274,841	-
Non-depreciable assets	23,563,370	83,239,845	106,803,215	-
Depreciable assets, net of accumulated depreciation	124,765,276	245,850,640	370,615,916	-
Restricted noncurrent assets:				
Long-term investments	-	176,294,081	176,294,081	-
Total noncurrent assets	174,888,528	535,641,112	710,529,640	10,984,602
Total assets	245,446,237	687,608,295	933,054,532	14,060,851

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

City of Ames
Statement of Net Position (continued)
June 30, 2013

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
LIABILITIES				
Current liabilities:				
Accounts payable	2,557,535	17,181,522	19,739,057	192,001
Accrued payroll	230,201	3,446,033	3,676,234	-
Accrued compensated absences	154,114	505,012	659,126	-
Accrued interest payable	151,377	202,839	354,216	-
Retainage payable	330,132	7,949,254	8,279,386	-
Customer deposits	106,343	887,300	993,643	-
Intergovernmental payable	94,527	250,208	344,735	-
Claims payable	743,632	1,058,601	1,802,233	-
Loans payable	-	288,048	288,048	-
Notes payable	-	1,317,319	1,317,319	-
Bonds payable, net	7,839,561	3,224,608	11,064,169	-
Unearned revenue	417,757	5,230	422,987	-
Accrued landfill post-closure costs	-	16,062	16,062	-
Total current liabilities	12,625,179	36,332,036	48,957,215	192,001
Noncurrent liabilities:				
Accrued compensated absences	1,769,598	10,464,871	12,234,469	-
Accrued other post-employment benefits	462,030	3,005,571	3,467,601	-
Claims payable	-	363,830	363,830	-
Loans payable	-	3,879,902	3,879,902	-
Notes payable	-	293,966	293,966	-
Bonds payable, net	59,808,071	91,007,351	150,815,422	-
Succeeding year unearned revenue	25,199,952	-	25,199,952	-
Accrued landfill post-closure costs	-	200,559	200,559	-
Total noncurrent liabilities	87,239,651	109,216,050	196,455,701	-
Total liabilities	99,864,830	145,548,086	245,412,916	192,001
NET POSITION				
Net investment in capital assets	112,305,532	272,253,133	384,558,665	-
Restricted:				
Expendable for:				
Debt service	1,260,206	1,001,294	2,261,500	-
Capital projects	4,244,956	-	4,244,956	-
Law enforcement	66,507	-	66,507	-
Employee benefits	1,196,062	-	1,196,062	-
Library services	816,910	-	816,910	-
Aquatic center	89,093	-	89,093	-
Parks	1,764,206	-	1,764,206	-
Community welfare	4,508	-	4,508	-
Housing services	584,081	-	584,081	-
Economic development	149,192	-	149,192	-
Mary Greeley Medical Center	-	-	-	9,910,882
Non-expendable for:				
Perpetual care	905,419	-	905,419	-
Aquatic center	1,000,000	-	1,000,000	-
Bliss Cancer Endowment Fund	-	-	-	250,672
Unrestricted	21,194,735	268,805,782	290,000,517	3,707,296
Total net position	$ 145,581,407	$ 542,060,209	$ 687,641,616	$ 13,868,850

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, 2013

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			
Functions / Programs:	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**	**Component Unit**
Primary government:								
Governmental activities:								
General government	$ 2,755,166	$ 130,627	$ 48,051	$ -	$ (2,576,488)	$ -	$ (2,576,488)	$ -
Public safety	15,589,369	3,194,059	227,595	-	(12,167,715)	-	(12,167,715)	-
Public works	15,352,458	6,026,315	92,099	2,649,943	(6,584,101)	-	(6,584,101)	-
Health and social services	1,005,458	-	19,247	-	(986,211)	-	(986,211)	-
Culture and recreation	9,082,953	1,980,793	247,231	561,058	(6,293,871)	-	(6,293,871)	-
Community and economic development	2,366,904	11,140	558,464	-	(1,797,300)	-	(1,797,300)	-
Interest	1,369,323	-	-	-	(1,369,323)	-	(1,369,323)	-
Total governmental activities	47,521,631	11,342,934	1,192,687	3,211,001	(31,775,009)		(31,775,009)	-
Business-type activities:								
Mary Greeley Medical Center	160,369,431	175,011,409	38,142	2,490,000	-	17,170,120	17,170,120	-
Electric	52,411,173	57,353,200	87,175	-	-	5,029,202	5,029,202	-
Sewer	9,122,173	6,648,263	-	383,040	-	(2,090,870)	(2,090,870)	-
Water	6,856,515	9,125,922	-	494,960	-	2,764,367	2,764,367	-
Transit	10,629,183	5,108,154	2,325,582	5,216,246	-	2,020,799	2,020,799	-
Storm sewer	655,522	1,136,621	-	-	-	481,099	481,099	-
Parking	846,825	883,899	-	-	-	37,074	37,074	-
Resource recovery	4,375,362	3,731,936	272,327	-	-	(371,099)	(371,099)	-
Ice arena	606,215	471,760	-	20,000	-	(114,455)	(114,455)	-
Golf course	211,279	220,643	-	-	-	9,364	9,364	-
Total business-type activities	246,083,678	259,691,807	2,723,226	8,604,246	-	24,935,601	24,935,601	-
Total primary government	$ 293,605,309	$ 271,034,741	$ 3,915,913	$ 11,815,247	(31,775,009)	24,935,601	(6,839,408)	-
Component unit:								
Mary Greeley Medical Center Foundation	$ 3,441,911	$ -	$ 1,673,568	$ -				(1,768,343)
General revenues:								
Property taxes					23,913,389	-	23,913,389	-
Sales taxes					6,655,355	-	6,655,355	-
Hotel / motel taxes					1,760,462	-	1,760,462	-
Unrestricted grants and contributions					17,726	-	17,726	-
Investment income					18,067	13,003,757	13,021,824	834,646
Other income					120,071	40,761	160,832	-
Gain on disposal of capital assets					16,084	35,091	51,175	-
Transfers					12,751	(12,751)	-	-
Total general revenues and transfers					32,513,905	13,066,858	45,580,763	834,646
Change in net position					738,896	38,002,459	38,741,355	(933,697)
Net position, beginning					144,842,511	504,057,750	648,900,261	14,802,547
Net position, ending					$ 145,581,407	$ 542,060,209	$ 687,641,616	$ 13,868,850

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

City of Ames
Balance Sheet
Governmental Funds
June 30, 2013

	General	Capital Projects	Debt Service	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 5,654,422	$ 5,618,288	$ 958,038	$ 12,025,648	$ 24,256,396
Investments	1,596,330	30,296,736	271,841	4,287,957	36,452,864
Taxes receivable	44,469	-	24,134	4,838	73,441
Special assessments receivable	-	239,656	-	-	239,656
Accrued interest receivable	59,072	60,560	6,193	14,991	140,816
Accounts receivable, net	225,831	6,198	-	10,879	242,908
Intergovernmental receivable	45,233	616,190	-	2,913,713	3,575,136
Loans receivable	-	-	-	36,921	36,921
Due from other funds	1,465,563	170,679	-	374,504	2,010,746
Inventories	44,833	-	-	96,796	141,629
Property held for resale	-	-	-	550,770	550,770
Prepaid items	28,790	15,800	-	1,684	46,274
Succeeding year taxes receivable	15,098,244	-	8,353,471	1,748,237	25,199,952
Long-term loans receivable	-	-	-	45,460	45,460
Long-term special assessments receivable	-	772,396	-	-	772,396
Total assets	$ 24,262,787	$ 37,796,503	$ 9,613,677	$ 22,112,398	$ 93,785,365
LIABILITIES					
Accounts payable	$ 265,800	$ 1,381,310	$ -	$ 202,706	$ 1,849,816
Accrued payroll	145,180	8,372	-	60,020	213,572
Retainage payable	5,111	282,640	-	40,076	327,827
Customer deposits	6,906	-	-	99,437	106,343
Intergovernmental payable	49,583	-	-	6,948	56,531
Due to other funds	317,023	2,936,789	-	1,666,258	4,920,070
Deferred revenue	15,922	1,024,486	-	1,141,182	2,181,590
Succeeding year deferred revenue	15,098,244	-	8,353,471	1,748,237	25,199,952
Total liabilities	15,903,769	5,633,597	8,353,471	4,964,864	34,855,701
FUND BALANCES (DEFICITS)					
Nonspendable	73,623	15,800	-	2,003,899	2,093,322
Restricted	-	32,147,106	1,260,206	14,265,664	47,672,976
Committed	-	-	-	1,547,185	1,547,185
Assigned	382,930	-	-	-	382,930
Unassigned	7,902,465	-	-	(669,214)	7,233,251
Total fund balances (deficits)	8,359,018	32,162,906	1,260,206	17,147,534	58,929,664
Total liabilities and fund balances (deficits)	$ 24,262,787	$ 37,796,503	$ 9,613,677	$ 22,112,398	$ 93,785,365

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

City of Ames
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2013

Amounts reported for governmental activities in the statement of net position (page 25) are different because:

Fund balance - total governmental funds (page 27)	$ 58,929,664
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	141,183,361
Issuance costs on long-term liabilities are deferred and amortized over the life of the debt.	542,074
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	142,722
Special assessments	772,396
Other revenues	906,524
Internal service funds are used by management to charge the costs of fleet management, information services, risk management, and health insurance to individual funds. The assets and liabilities of internal service funds are split between the governmental and business-type activities in the statement of net position.	13,096,551
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	(65,894,891)
Interest payable on general obligation bonds	(151,377)
Deferred charges on general obligation bonds refunded	3,318
Unamortized premiums on the issuance of general obligation bonds	(1,756,059)
Accrued compensated absences	(1,769,816)
Net other post-employment benefits payable	(423,060)
Net position of governmental activities	$ 145,581,407

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, 2013

	General	Capital Projects	Debt Service	Total Nonmajor Funds	Total Governmental Funds
REVENUES					
Taxes	$ 14,480,917	$ -	$ 7,857,304	$ 9,981,447	$ 32,319,668
Special assessments	-	306,761	-	-	306,761
Licenses and permits	1,707,463	-	-	-	1,707,463
Intergovernmental	333,906	1,573,847	48,051	7,128,724	9,084,528
Charges for services	3,280,825	-	-	17,753	3,298,578
Fines and forfeitures	111,014	-	-	-	111,014
Investment income	35,045	37,511	2,060	(4,501)	70,115
Miscellaneous	496,238	50,597	-	672,798	1,219,633
Total revenues	20,445,408	1,968,716	7,907,415	17,796,221	48,117,760
EXPENDITURES					
Current:					
General government	2,358,407	440,895	14,556	92,633	2,906,491
Public safety	15,108,227	-	-	179,539	15,287,766
Public works	1,130,420	-	-	4,258,412	5,388,832
Health and social services	-	-	-	1,005,458	1,005,458
Culture and recreation	6,679,718	-	-	409,176	7,088,894
Community and economic development	604,997	-	-	1,758,786	2,363,783
Debt service:					
Principal	-	-	9,713,723	-	9,713,723
Interest and fiscal charges	-	-	1,440,738	-	1,440,738
Capital outlay	-	10,091,166	-	3,880,887	13,972,053
Total expenditures	25,881,769	10,532,061	11,169,017	11,584,891	59,167,738
Excess (deficiency) of revenues over (under) expenditures	(5,436,361)	(8,563,345)	(3,261,602)	6,211,330	(11,049,978)
OTHER FINANCING SOURCES (USES)					
Transfers in	7,801,245	180,415	613,576	100,153	8,695,389
Transfers out	(2,174,216)	(496,759)	-	(6,123,790)	(8,794,765)
General obligation bonds issued	-	30,455,000	-	-	30,455,000
Premium on general obligation bonds	-	1,200,677	102,097	-	1,302,774
Refunding bonds issued	-	-	2,090,000	-	2,090,000
Premium on refunding bonds	-	-	57,213	-	57,213
Total other financing sources (uses)	5,627,029	31,339,333	2,862,886	(6,023,637)	33,805,611
Net change in fund balances	190,668	22,775,988	(398,716)	187,693	22,755,633
Fund balances, beginning	8,168,350	9,386,918	1,658,922	16,959,841	36,174,031
Fund balances, ending	$ 8,359,018	$ 32,162,906	$ 1,260,206	$ 17,147,534	$ 58,929,664

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, 2013

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)	$ 22,755,633
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Hotel/motel tax	9,538
Special assessments	(267,758)
Other revenues	379,061
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	10,647,388
Disposals	(990,410)
Depreciation expense	(7,955,502)
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	374,432
Amortization of debt issuance costs	(47,141)
Current year premium on issuance of bonds	(1,359,987)
Amortization of bond premiums	166,622
Amortization of deferred charges on refunding debt	586
Proceeds from issuance of bonds	(32,545,000)
Principal payments	9,713,723
Interest payments	(48,652)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Decrease to accrued compensated absences	56,341
Increase to accrued other post-employment benefits	(157,307)
The internal service funds are used by management to charge the costs of fleet management, information services, risk management, and health insurance to individual funds. The net revenue of certain activities of internal service funds is reported with both governmental and business-type activities.	7,329
Changes in net position of governmental activities	$ 738,896

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

City of Ames
Statement of Net Position
Proprietary Funds
June 30, 2013

	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	$ 29,579,209	$ 5,018,923	$ 3,465,635	$ 9,850,830	$ 2,374,069	$ 4,395,441	$ 54,684,107	$ 11,253,847
Investments	-	14,397,468	983,532	2,795,155	673,575	1,246,857	20,096,587	3,192,193
Accrued interest receivable	-	69,301	13,214	33,286	9,555	16,599	141,955	41,477
Accounts receivable, net	18,750,151	6,419,408	696,694	1,052,598	25,613	411,492	27,355,956	17,321
Due from other funds	-	83,442	716,862	746,242	4,503	1,834,719	3,385,768	405,158
Intergovernmental receivable	-	1,449,729	48,759	4,143	2,024,629	417,199	3,944,459	32,059
Inventories	3,501,073	4,620,147	-	238,713	257,789	32,079	8,649,801	74,194
Prepaid items	2,414,693	773	140	32,060	1,850	3,295	2,452,811	66,333
Restricted current assets:								
Cash and cash equivalents	-	-	585	-	-	-	585	-
Investments	24,065,889	-	-	-	-	-	24,065,889	-
Interest receivable	698,507	-	-	-	-	-	698,507	-
Total current assets	79,009,522	32,059,191	5,925,421	14,753,027	5,371,583	8,357,681	145,476,425	15,082,582
Noncurrent assets:								
Investments	-	21,002,640	-	-	-	-	21,002,640	-
Deferred debt issuance costs, net	921,502	-	11,739	19,969	-	25,855	979,065	-
Other assets	8,274,841	-	-	-	-	-	8,274,841	-
Capital assets:								
Land	4,807,769	1,845,789	1,910,222	1,478,593	41,500	1,635,314	11,719,187	-
Land improvements	1,324,260	-	-	-	157,621	1,604,852	3,086,733	299,798
Plant and distribution systems	-	171,302,019	73,091,116	57,837,707	-	-	302,230,842	-
Buildings	111,774,798	-	-	-	20,447,954	12,994,762	145,217,514	551,493
Equipment	115,282,993	-	-	-	22,979,537	6,686,155	144,948,685	15,271,112
Construction in progress	48,381,623	17,004,514	1,415,570	3,028,962	1,689,989	-	71,520,658	-
Less accumulated depreciation	(137,339,138)	(118,461,358)	(43,452,924)	(22,746,135)	(14,488,080)	(13,145,499)	(349,633,134)	(8,977,118)
Restricted noncurrent assets:								
Investments	176,294,081	-	-	-	-	-	176,294,081	-
Total noncurrent assets	329,722,729	92,693,604	32,975,723	39,619,096	30,828,521	9,801,439	535,641,112	7,145,285
Total assets	408,732,251	124,752,795	38,901,144	54,372,123	36,200,104	18,159,120	681,117,537	22,227,867

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

City of Ames
Statement of Net Position (continued)
Proprietary Funds
June 30, 2013

	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	9,116,527	4,687,871	998,857	465,479	1,695,347	132,242	17,096,323	792,918
Accrued payroll	3,155,219	117,328	5,321	21,846	125,999	20,320	3,446,033	16,629
Accrued compensated absences	426,232	35,490	7,929	10,852	17,609	6,749	504,861	6,780
Due to other funds	-	447,740	136,200	159,022	21,289	93,533	857,784	23,818
Claims payable	-	-	-	-	-	-	-	1,802,233
Retainage payable	7,237,438	483,818	94,092	60,056	67,742	6,108	7,949,254	2,305
Customer deposits	-	887,300	-	-	-	-	887,300	-
Accrued interest	164,138	26,811	1,414	7,769	-	2,707	202,839	-
Loans payable	-	-	128,000	-	17,500	142,548	288,048	-
Notes payable	1,317,319	-	-	-	-	-	1,317,319	-
Intergovernmental payable	-	113,936	5,395	23,917	56,093	50,867	250,208	37,996
Accrued landfill post-closure costs	-	-	-	-	-	16,062	16,062	-
Bonds payable, net	2,755,000	-	53,702	310,826	-	105,080	3,224,608	-
Unearned revenue	-	-	-	-	-	5,230	5,230	57,809
Total current liabilities	24,171,873	6,800,294	1,430,910	1,059,767	2,001,579	581,446	36,045,869	2,740,488
Noncurrent liabilities:								
Accrued compensated absences	9,084,838	626,801	150,746	193,385	288,720	118,159	10,462,649	149,489
Post-employment benefits	2,644,625	154,432	42,212	48,316	70,982	44,246	3,004,813	39,728
Claims payable	363,830	-	-	-	-	-	363,830	-
Loans payable	-	-	288,070	3,372,549	35,000	184,283	3,879,902	-
Notes payable	293,966	-	-	-	-	-	293,966	-
Accrued landfill post-closure costs	-	-	-	-	-	200,559	200,559	-
Bonds payable, net	86,816,199	-	604,291	2,310,985	-	1,275,876	91,007,351	-
Total noncurrent liabilities	99,203,458	781,233	1,085,319	5,925,235	394,702	1,823,123	109,213,070	189,217
Total liabilities	123,375,331	7,581,527	2,516,229	6,985,002	2,396,281	2,404,569	145,258,939	2,929,705
NET POSITION								
Net investment in capital assets	93,622,687	71,690,964	32,525,145	34,250,519	30,776,021	9,387,797	272,253,133	7,145,285
Restricted for debt service	1,000,709	-	585	-	-	-	1,001,294	-
Unrestricted	190,733,524	45,480,304	3,859,185	13,136,602	3,027,802	6,366,754	262,604,171	12,152,877
Total net position	$ 285,356,920	$ 117,171,268	$ 36,384,915	$ 47,387,121	$ 33,803,823	$ 15,754,551	535,858,598	$ 19,298,162
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							6,201,611	
Net assets of business-type activities							$ 542,060,209	

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

City of Ames
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2013

	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	$ 175,011,409	$ 57,353,200	$ 6,648,263	$ 9,125,922	$ 5,108,154	$ 6,444,859	$ 259,691,807	$ 14,425,199
Operating expenses:								
Cost of goods and services	119,053,999	47,802,645	6,775,914	5,198,065	6,899,481	5,862,293	191,592,397	13,651,622
Administration	26,492,626	1,062,207	307,765	349,897	1,541,769	272,533	30,026,797	-
Depreciation	13,840,382	3,463,395	2,011,252	1,200,465	2,142,870	547,717	23,206,081	1,040,038
Total operating expenses	159,387,007	52,328,247	9,094,931	6,748,427	10,584,120	6,682,543	244,825,275	14,691,660
Operating income (loss)	15,624,402	5,024,953	(2,446,668)	2,377,495	(5,475,966)	(237,684)	14,866,532	(266,461)
Non-operating revenues (expenses):								
Intergovernmental	38,142	-	-	-	2,325,582	-	2,363,724	-
Reimbursements	-	87,175	-	-	-	272,327	359,502	-
Investment income	13,054,827	(49,896)	(4,444)	4,828	(854)	(704)	13,003,757	(6,909)
Interest expense	(931,456)	-	(13,424)	(92,608)	-	(11,627)	(1,049,115)	-
Gain (loss) on disposal of capital assets	(50,968)	(2,866)	-	-	35,091	-	(18,743)	13,118
Miscellaneous	-	36,801	-	3,960	-	-	40,761	-
Total non-operating revenues (expenses)	12,110,545	71,214	(17,868)	(83,820)	2,359,819	259,996	14,699,886	6,209
Income (loss) before capital contributions and transfers	27,734,947	5,096,167	(2,464,536)	2,293,675	(3,116,147)	22,312	29,566,418	(260,252)
Capital contributions	2,490,000	-	383,040	494,960	5,216,246	20,000	8,604,246	-
Transfers in	-	-	-	-	1,465,939	472,862	1,938,801	112,127
Transfers out	-	(1,926,800)	(12,376)	(12,376)	-	-	(1,951,552)	-
Change in net position	30,224,947	3,169,367	(2,093,872)	2,776,259	3,566,038	515,174	38,157,913	(148,125)
Net position, beginning	255,131,973	114,001,901	38,478,787	44,610,862	30,237,785	15,239,377		19,446,287
Net position, ending	$ 285,356,920	$ 117,171,268	$ 36,384,915	$ 47,387,121	$ 33,803,823	$ 15,754,551		$ 19,298,162
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds							(155,454)	
Change in net position of business-type activities							$ 38,002,459	

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, 2013

	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	$ 167,761,540	$ 57,573,268	$ 5,947,763	$ 8,547,573	$ 4,207,942	$ 4,826,333	$ 248,864,419	$ 14,370,462
Other receipts	8,076,725	-	-	-	-	-	8,076,725	-
Payments to suppliers	(63,488,648)	(34,758,880)	(3,247,788)	(1,865,670)	(1,091,477)	(2,974,908)	(107,427,371)	(10,928,029)
Payments to employees	(80,483,119)	(9,181,903)	(2,280,319)	(2,399,892)	(5,877,290)	(2,381,533)	(102,604,056)	(1,964,496)
Payments to other funds for services provided	-	(1,958,608)	(1,236,858)	(1,091,126)	(466,862)	(875,737)	(5,629,191)	(541,705)
Net cash provided by (used for) operating activities	31,866,498	11,673,877	(817,202)	3,190,885	(3,227,687)	(1,405,845)	41,280,526	936,232
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES								
Operating grants	38,142	-	-	-	2,325,582	-	2,363,724	-
Reimbursements	-	87,175	-	-	-	272,327	359,502	-
Proceeds from sale of non-capital assets	-	36,801	-	3,960	-	-	40,761	-
Transfers in	-	-	-	-	1,465,939	472,862	1,938,801	112,127
Transfers out	-	(1,926,800)	(12,376)	(12,376)	-	-	(1,951,552)	-
Net cash provided by (used for) non-capital financing activities	38,142	(1,802,824)	(12,376)	(8,416)	3,791,521	745,189	2,751,236	112,127
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Acquisition and construction of capital assets	(40,028,159)	(11,416,675)	(1,343,479)	(2,832,347)	(6,063,618)	(207,890)	(61,892,168)	(1,178,051)
Proceeds from the sale of capital assets	221,795	-	-	-	35,490	-	257,285	180,919
Proceeds from issuance of bonds	25,933,366	-	698,890	703,940	-	1,355,101	28,691,297	-
Principal paid on capital debt	(19,605,000)	-	(49,820)	(291,457)	-	-	(19,946,277)	-
Interest paid on capital debt	(3,682,094)	-	(11,807)	(97,088)	-	-	(3,790,989)	-
Principal paid on notes payable	(1,538,837)	-	-	-	-	-	(1,538,837)	-
Proceeds from loans	-	-	416,070	3,372,549	-	-	3,788,619	-
Principal paid on loans	-	-	-	-	(17,500)	(138,351)	(155,851)	-
Interest paid on loans	-	-	(3,019)	-	-	(8,920)	(11,939)	-
Capital contributions	2,490,000	-	383,040	456,960	5,216,246	20,000	8,566,246	-
Net provided by (used for) capital and related financing activities	(36,208,929)	(11,416,675)	89,875	1,312,557	(829,382)	1,019,940	(46,032,614)	(997,132)
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchase of investments	(133,061,027)	(28,798,295)	-	-	-	-	(161,859,322)	-
Reclassification of investments	17,507,686	(1,423,136)	(983,532)	(2,795,155)	(673,575)	(1,246,857)	10,385,431	(3,192,193)
Proceeds from sale of investments	124,994,683	29,295,655	-	-	-	-	154,290,338	-
Interest on investments	8,335,578	202,459	(1,229)	(3,343)	(248)	(2,111)	8,531,106	(4,546)
Net cash provided by (used for) investing activities	17,776,920	(723,317)	(984,761)	(2,798,498)	(673,823)	(1,248,968)	11,347,553	(3,196,739)
Net increase (decrease) in cash and cash equivalents	13,472,631	(2,268,939)	(1,724,464)	1,696,528	(939,371)	(889,684)	9,346,701	(3,145,512)
Cash and cash equivalents, beginning	16,106,578	7,287,862	5,190,684	8,154,302	3,313,440	5,285,125	45,337,991	14,399,359
Cash and cash equivalents, ending	29,579,209	5,018,923	3,466,220	9,850,830	2,374,069	4,395,441	54,684,692	11,253,847
Less: amount reported in restricted assets	-	-	585	-	-	-	585	-
Cash and cash equivalents, ending - statement of net position	$ 29,579,209	$ 5,018,923	$ 3,465,635	$ 9,850,830	$ 2,374,069	$ 4,395,441	$ 54,684,107	$ 11,253,847

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, 2013

	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)	$ 15,624,402	$ 5,024,953	$ (2,446,668)	$ 2,377,495	$ (5,475,966)	$ (237,684)	$ 14,866,532	$ (266,461)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:								
Depreciation expense	13,840,382	3,463,395	2,011,252	1,200,465	2,142,870	547,717	23,206,081	1,040,038
(Increase) decrease in accounts receivable	2,971,079	1,473,485	20,404	14,474	66,509	101,597	4,647,548	17,176
(Increase) decrease in due from other funds	-	3,684	(680,326)	(591,601)	5,760	(1,766,080)	(3,028,563)	(54,983)
(Increase) decrease in intergovernmental receivable	-	(1,236,294)	(40,578)	(1,222)	(972,481)	46,327	(2,204,248)	(22,540)
(Increase) decrease in inventories	(335,618)	148,125	-	(49,749)	125,105	(11,198)	(123,335)	(800)
(Increase) decrease in prepaid items	(419,520)	(673)	2,100	(31,616)	(1,850)	(1,973)	(453,532)	373
Increase (decrease) in accounts payable	(810,888)	2,374,695	235,578	209,244	1,229,438	(52,858)	3,185,209	(192,210)
Increase (decrease) in accrued payroll	388,427	(15,962)	(4,521)	7,741	5,547	1,964	383,196	2,247
Increase (decrease) in accrued compensated absences	307,179	(3,073)	11,342	19,331	13,726	7,539	356,044	(1,119)
Increase (decrease) in due to other funds	-	93,734	(1,695)	32,306	2,759	23,383	150,487	(4,315)
Increase (decrease) in claims payable	75,547	-	-	-	-	-	75,547	391,758
Increase (decrease) in retainage payable	-	311,712	60,732	(10,679)	(292,929)	(2,838)	65,998	2,305
Increase (decrease) in customer deposits	-	(20,807)	-	-	-	-	(20,807)	-
Increase (decrease) in accrued interest on customer deposits	-	(4,423)	-	-	-	-	(4,423)	-
Increase (decrease) in intergovernmental payable	-	3,904	(517)	(3,269)	(102,568)	(12,115)	(114,565)	4,381
Increase (decrease) in accrued landfill post-closure costs	-	-	-	-	-	(65,706)	(65,706)	-
Increase (decrease) in unearned revenue	-	-	-	-	-	(370)	(370)	5,610
Increase (decrease) in post-employment benefits	225,508	57,422	15,695	17,965	26,393	16,450	359,433	14,772
Total adjustments	16,242,096	6,648,924	1,629,466	813,390	2,248,279	(1,168,161)	26,413,994	1,202,693
Net cash provided by (used for) operating activities	$ 31,866,498	$ 11,673,877	$ (817,202)	$ 3,190,885	$ (3,227,687)	$ (1,405,845)	$ 41,280,526	$ 936,232
Schedule of non-cash capital and related financing activities:								
Unrealized increase in the fair value of investments	$ 5,903,870	$ -	$ -	$ -	$ -	$ -	$ 5,903,870	$ -
Capital asset contributions	-	-	-	38,000	-	-	38,000	-
Capital asset trade ins	-	-	-	-	-	-	-	10,612
Total non-cash capital and related financing activities	$ 5,903,870	$ -	$ -	$ 38,000	$ -	$ -	$ 5,941,870	$ 10,612

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, 2013

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 260,417
Investments	67,561
Total assets	$ 327,978
LIABILITIES	
Accounts payable	$ 22,317
Due to other governments	305,661
Total liabilities	$ 327,978

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

B. Reporting entity

The City of Ames, Iowa (City) was incorporated in 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. The 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, and income thereon, that the foundation holds and invests are restricted to the activities of the hospital by the donors. The foundation’s financial statements are available at Mary Greeley Medical Center, 1111 Duff Avenue, Ames, Iowa, 50010.

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

I. Summary of significant accounting policies (continued)

C. Basis of presentation - government-wide financial statements (continued)

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

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

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

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.

I. Summary of significant accounting policies (continued)

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

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

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and 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 the fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as a transfer in the governmental activities column. Similarly, balances between

I. Summary of significant accounting policies (continued)

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

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

E. Measurement focus and basis of accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

I. Summary of significant accounting policies (continued)

E. Measurement focus and basis of accounting (continued)

amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

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

F. Budgetary information

1. Budgetary basis of accounting

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

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

Amendments to the budget are considered 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

I. Summary of significant accounting policies (continued)

F. Budgetary information (continued)

1. Budgetary basis of accounting (continued)

budgeted funds in total. The budgetary comparison and related disclosures are reported as required supplementary information.

The City prepares its budget on 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 ensure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances are re-appropriated and become part of the subsequent year's budget.

2. Excess of expenditures over appropriations

For the year ended June 30, 2013, there were no expenditures that exceeded appropriations.

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

1. Cash and cash equivalents

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

2. Investments

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

I. Summary of significant accounting policies (continued)

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

3. Inventories and prepaid items

Inventories are maintained on a perpetual basis. Materials, supplies, medical supplies, and drugs are priced at an average cost, 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 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.

I. Summary of significant accounting policies (continued)

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

4. Capital assets (continued)

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 position flow assumption

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

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.

I. Summary of significant accounting policies (continued)

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

7. 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.

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.

I. Summary of significant accounting policies (continued)

H. Revenues and expenditures/expenses (continued)

2. Property taxes

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

3. Net patient service revenue

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

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.

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

I. Summary of significant accounting policies (continued)

H. Revenues and expenditures/expenses (continued)

5. Proprietary fund operating and non-operating revenues and expenses (continued)

expenses not meeting this definition are reported as non-operating revenues and expenses.

II. Reconciliation of government-wide and fund financial statements

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

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position of governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that, "Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds." The details of this $141,183,361 are as follows:

Land	$ 11,576,058
Land improvements	1,384,118
Public art collection	494,719
Library collection	2,294,314
Construction in progress	7,814,160
Buildings	11,547,154
Less: accumulated depreciation	(6,185,694)
Equipment	4,394,761
Less: accumulated depreciation	(2,238,282)
Infrastructure	199,957,506
Less: accumulated depreciation	(89,855,453)
Net adjustment to increase *fund balance - total governmental funds* to arrive at *net position in governmental activities*	$ 141,183,361

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 position."

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 position (continued)

The details of this $13,096,551 are as follows:

Net position of the internal service funds	$19,298,162
Less: Internal payable representing charges in excess of cost to business-type activities - prior years	(6,357,065)
Less: Internal payable representing charges in excess of cost to business-type activities - current year	155,454
	$13,096,551

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation states that, "The internal service funds are used by management to charge the costs of fleet management, information services, risk management, and health insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities." The details of this $7,329 are as follows:

Change in net position of the internal service funds	$ (148,125)
Plus: loss from charges to business-type activities	155,454
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$ 7,329

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, 2013.

III. Stewardship, compliance, and accountability (continued)

B. Deficit fund equity

At June 30, 2013, the FEMA fund, a nonmajor special revenue fund, had a deficit fund balance of $601,131 due to uncollected grant revenue. The revenue will be collected in fiscal year 2013-2014 when all FEMA claims are processed and settled.

Also at June 30, 2013, the TIF fund, a nonmajor special revenue fund, had a deficit fund balance of $68,083. The incremental property tax revenue will increase in future years to offset the transfers to the Debt Service Fund and reverse the deficit.

IV. Detailed notes on all activities and funds

A. Cash deposits with financial institutions

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2013, 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
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, 2013, the City had the following investments:

Investment Type	Fair Value	Maturity
Commercial paper	$ 7,990,120	11/08/13 - 11/15/13
U.S. Agency coupon securities	130,630,245	09/09/13 - 01/01/55
U.S. Agency pass-through securities	66,022	08/01/13 - 10/01/14
U.S. Treasury notes	4,856,631	03/31/16 - 02/15/31
Municipal bonds	27,238,319	10/01/13 - 11/15/35
Mutual funds	110,390,478	n/a
	$ 281,171,815	

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.

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

B. Investments (continued)

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	$ 7,990,120	$ 7,990,120	$ -	$ -	$ -
U.S. Agency coupon securities	130,630,245	10,332,874	13,222,599	58,202,299	48,872,473
U.S. Agency pass-through securities	66,022	40,018	26,004	-	-
U.S. Treasury notes	4,856,631	-	-	314,673	4,541,958
Municipal bonds	27,238,319	2,847,317	1,168,262	9,639,197	13,583,543
Mutual funds	110,390,478	110,390,478	-	-	-
	$ 281,171,815	$ 131,600,807	$ 14,416,865	$ 68,156,169	$ 66,997,974

The City's investments include the federal agency pass-through securities ($66,022), 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 accounts with interest, government pooled accounts, 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, 2013, for each investment type:

Investment Type	Fair Value	Rating
Commercial paper	$ 7,990,120	A1 / P1
U.S. Agency coupon securities	130,630,245	AAA
U.S. Agency pass-through securities	66,022	AAA
U.S. Treasury notes	4,856,631	AAA
Municipal bonds	27,238,319	Baa to Aaa
Mutual funds	110,390,478	n/a
	$ 281,171,815	

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	$ 48,426,503	17.22%
Federal Home Loan Mortgage Co.	U.S. agency securities	37,748,255	13.43%
Federal Home Loan Bank	U.S. agency securities	21,430,168	7.62%
Federal Farm Credit	U.S. agency securities	17,678,770	6.29%

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

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

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

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

B. Investments (continued)

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

    a. Control of collusion,

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

    c. Custodial safekeeping,

    d. Delivery versus payment,

    e. Clear delegation of authority, and

    f. Confirmation of transactions for investments and wire transfers.

As of June 30, 2013, 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	$ 48,426,503
Federal Home Loan Mortgage Co.	U.S. agency securities	37,748,255
Federal Home Loan Bank	U.S. agency securities	21,430,168
Federal Farm Credit	U.S. agency securities	17,678,770
ING	Commercial paper	4,994,500
Angelsea LLC	Commercial paper	2,995,620

Foreign currency risk. As of June 30, 2013, 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, 2013:

Investment Type	Fair Value
Equity mutual funds	$ 9,745,936
Corporate debt securities	1,238,666
	$ 10,984,602

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, 2013, is as follows:

Governmental activities:

	Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013
Non-depreciable capital assets:				
Land	$ 11,053,028	$ 523,030	$ -	$ 11,576,058
Land improvements	1,384,118	-	-	1,384,118
Public art collection	494,719	-	-	494,719
Library collection	2,264,980	320,399	(291,064)	2,294,315
Construction in progress	1,347,107	6,836,563	(369,510)	7,814,160
Total non-depreciable capital assets	16,543,952	7,679,992	(660,574)	23,563,370
Depreciable capital assets:				
Buildings	14,601,051	-	(2,502,404)	12,098,647
Equipment	19,094,713	1,390,605	(725,750)	19,759,568
Infrastructure	197,014,974	3,134,964	-	200,149,938
	230,710,738	4,525,569	(3,228,154)	232,008,153
Less accumulated depreciation:				
Buildings	8,183,798	334,568	(1,816,028)	6,702,338
Equipment	9,685,377	1,352,880	(534,367)	10,503,890
Infrastructure	82,728,557	7,308,092	-	90,036,649
	100,597,732	8,995,540	(2,350,395)	107,242,877
Total depreciable capital assets	130,113,006	(4,469,971)	(877,759)	124,765,276
Total capital assets	$ 146,656,958	$ 3,210,021	$ (1,538,333)	$ 148,328,646

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

General government	$ 266,089
Public safety	545,240
Public works	6,999,510
Culture and recreation	1,177,061
Community and economic development	7,640
Total depreciation expense - governmental activities	$ 8,995,540

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

E. Capital assets (continued)

Business-type activities:

	Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013
Non-depreciable capital assets:				
Land	$ 11,458,618	$ 260,569	$ -	$ 11,719,187
Construction in progress	24,230,758	48,738,308	(1,448,408)	71,520,658
Total non-depreciable capital assets	35,689,376	48,998,877	(1,448,408)	83,239,845
Depreciable capital assets:				
Plant and distribution systems	296,087,915	6,197,165	(54,238)	302,230,842
Buildings	140,401,984	4,861,941	(46,411)	145,217,514
Equipment	135,813,435	10,975,318	(1,826,398)	144,962,355
Improvements	3,035,442	51,291	-	3,086,733
	575,338,776	22,085,715	(1,927,047)	595,497,444
Less accumulated depreciation:				
Plant and distribution systems	178,036,678	6,675,112	(51,372)	184,660,418
Buildings	61,519,061	5,035,562	(46,411)	66,508,212
Equipment	86,677,491	11,387,388	(1,553,235)	96,511,644
Improvements	1,858,511	108,019	-	1,966,530
	328,091,741	23,206,081	(1,651,018)	349,646,804
Total depreciable capital assets	247,247,035	(1,120,366)	(276,029)	245,850,640
Total capital assets	$ 282,936,411	$ 47,878,511	$ (1,724,437)	$ 329,090,485

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. The Iowa Legislature and the Governor determine the positions of employment in each membership class and the benefits provided. Most members (96%) are regular members. The other 4% are special service members who work in public safety jobs.

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

F. Pension obligations (continued)

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

During the fiscal year ended June 30, 2013, regular members contributed 5.78% and the City contributed 8.67% of covered wages. Rates for the fiscal year beginning July 1, 2013, are 5.95% for regular members and 8.93% for the City. Emergency responder members contributed 6.84%, and the hospital contributed 10.27% of covered wages for the fiscal year ended June 30, 2013. As of July 1, 2013, the rates for emergency responders decreased to 6.76% for the members and 10.14% for the hospital. The City's total contributions to IPERS for the years ended June 30, 2013, 2012, and 2011 were $6,862,042, $6,211,558, and $5,240,892, 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 Chapter 411 of the Code of Iowa. The member contribution rate, currently at 9.40%, is set by state statute. The rate for the City is established each year by the board of trustees following the completion of an annual actuarial valuation. The City's rate for the fiscal year ended June 30, 2013, was 26.12%. As of July 1, 2013, the rate is 30.12%. The City's total contributions to MFPRSI for the years ended June 30, 2013, 2012, and 2011 were $1,758,163, $1,630,807, and $1,253,345, 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 $471,466, and City contributions were $692,356 for the fiscal year ended June 30, 2013.

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) (continued)

Annual OPEB cost and net OPEB obligation. The net OPEB obligation as of June 30, 2013, is determined as follows:

	City	MGMC	Total
Annual required contribution (ARC)	$ 254,000	$ 375,334	$ 629,334
Interest on net OPEB obligation	23,000	120,956	143,956
Adjustment to annual required contribution	(20,000)	(92,061)	(112,061)
Annual OPEB cost	257,000	404,229	661,229
Contributions and payments made	49,004	(178,721)	(129,717)
Increase (decrease) in net OPEB obligation	306,004	225,508	531,512
Net OPEB obligation - beginning	516,972	2,419,117	2,936,089
Net OPEB obligation - ending	$ 822,976	$2,644,625	$3,467,601

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, 2013	$ 661,229	19.62%	$3,467,601
June 30, 2012	572,142	85.89%	2,936,089
June 30, 2011	614,595	5.96%	2,855,343

Funded status and funding progress. As of July 1, 2012 (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)	$ 5,876,864
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	$ 5,876,864
Funded ratio (actuarial value of plan assets / AAL)	0.00%
Covered payroll (annual payroll of active employees covered by the plan	$90,590,827
UAAL as a percentage of covered payroll	6.49%

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

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

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 amounts 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, 2012 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	3.5%
Asset valuation method	n/a - OPEB obligation not funded
Investment return	4.5%
Projected salary increases	3.5%
Cost of living adjustments	3.0%
Healthcare cost trend rate	9.0% 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

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

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

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, 2013, the City's commitments with contractors were as follows:

Project	Spent to Date	Remaining Commitment
Streets	$ 3,600,140	$ 1,562,218
Water	228,793	175,602
Sewer	316,877	2,087,605
Storm Sewer	121,187	67,983
Electric	5,096,059	4,107,617
Airport	243,161	1,013,582
Library Renovation	2,044,894	10,562,511
City Hall Renovation	247,435	534,980
Transit Expansion	1,287,105	3,288,885
	$13,185,651	$23,400,983

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

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

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

H. Construction and other significant commitments (continued)

General fund	$ 783,500
Capital projects fund	17,009,068
Nonmajor governmental funds	550,604
Electric	7,317,927
Water	6,953,722
Sewer	3,365,104
Transit	4,595,943
Nonmajor business-type funds	288,164
	$40,864,032

I. Risk Management

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

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

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

ICAP's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts

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

I. Risk management (continued)

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, 2013, 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, 2013 and 2012 were as follows:

	2013	2012
Liability - July 1	$ 764,175	$ 239,512
Claims incurred & claims adjustments	857,588	974,498
Claims payments	(563,162)	(449,835)
Liability - June 30	$ 1,058,601	$ 764,175

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:

	2013	2012
Liability - July 1	$ 646,300	$ 695,439
Claims incurred & claims adjustments	6,163,803	5,786,406
Claims payments	(6,066,471)	(5,835,545)
Liability - June 30	$ 743,632	$ 646,300

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 $245,604 as an estimate for professional liability claims that were incurred but not reported as of June 30, 2013.

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

I. Risk management (continued)

The hospital is self-insured for health care coverage of employees and covered dependents and carries stop-loss insurance coverage, which assumes liability for claims in excess of $175,000 per individual claim and 120% aggregate of expected paid claims. Accrued costs related to health care coverage amounted to $1,016,728 at June 30, 2013.

The hospital is self-insured for workers' compensation coverage of employees, and carries stop-loss insurance coverage, which assumes liability for claims in excess of $475,000 per occurrence. Accrued costs related to workers' compensation coverage were $148,380 at June 30, 2013.

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, 2013 and 2012 were as follows:

	Professional Liability		Health Insurance	
	2013	2012	2013	2012
Liability - July 1	$ 220,084	$ 229,424	$ 969,844	$ 953,654
Claims incurred & claims adjustments	33,858	(7,089)	8,365,463	7,472,641
Claims payments	(8,338)	(2,251)	(8,318,579)	(7,456,451)
Liability - June 30	$ 245,604	$ 220,084	$1,016,728	$ 969,844

	Workers' Compensation	
	2013	2012
Liability - July 1	$ 122,560	$ 155,329
Claims incurred & claims adjustments	261,446	152,920
Claims payments	(235,626)	(185,689)
Liability - June 30	$ 148,380	$ 122,560

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. The current lease for office space expires in October 2013, but has been extended to October 2015. There is no option to renew either lease when they expire. Rent expense for these leases during the fiscal year ended June 30, 2013, was $32,302.

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

J. Lease obligations (continued)

The hospital leases various equipment for use in the medical center. Rent expense for these leases was $1,573,000 for the fiscal year ended June 30, 2013.

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

Year Ending June 30,	Total Rent
2014	$ 922,137
2015	488,191
2016	44,890
2017	-
2018	-
	$ 1,455,218

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, 2013 are as follows:

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

K. Long-term liabilities (continued)

Governmental activities

General Obligation Bonds	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding June 30, 2013
Corporate purpose	2006	$ 5,285,000	4.000 %	2018	$ 2,570,000
Corporate purpose	2007	9,130,000	3.75-4.150	2019	5,369,891
Corporate purpose	2008	5,855,000	3.75-4.150	2020	3,790,000
Corporate purpose	2009	11,165,000	2.00-3.500	2021	8,050,000
Corporate purpose	2010	6,690,000	2.00-2.500	2022	5,275,000
Refunding	2011	5,980,000	2.00-3.350	2021	3,440,000
Corporate purpose	2011	6,675,000	1.00-2.400	2023	5,600,000
Corporate purpose	2012	11,325,000	1.50-3.000	2032	10,580,000
Corporate purpose/refunding	2013	21,220,000	2.00-3.125	2032	21,220,000
		$83,325,000			$65,894,891

Business-type activities

General Obligation Bonds	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding June 30, 2013
Corporate purpose	2007	$ 500,000	2.00-3.35 %	2021	$ 290,109
Corporate purpose	2008	2,500,000	1.00-2.40	2023	1,645,000
Corporate purpose	2012	1,335,000	1.50-3.00	2024	1,235,000
Corporate purpose	2013	1,320,000	2.00-3.00	2025	1,320,000
		$ 5,655,000			$ 4,490,109

On August 28, 2012, the City issued $12,660,000 of general obligation, corporate purpose bonds to be used for improvements to streets, water, and sanitary sewer lines; flood mitigation projects; rehabilitation of City parks; replacement of a bicycle/pedestrian bridge damaged by flooding; and expansion of the library. Maturity dates on the bonds range from June 1, 2013 to June 1, 2022. Debt service payments are scheduled to be paid semi-annually in amounts that range from $300,650 to $1,153,750. Bonds due after June 1, 2020 will be subject to call prior to maturity at the option of the City.

On May 14, 2013, the City issued $20,450,000 of general obligation, corporate purpose bonds. These bonds will be used for improvements to streets and solid waste disposal facilities, and for expansion of the library. Maturity dates on the bonds range from June

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

K. Long-term liabilities (continued)

1, 2014 to June 1, 2032. Debt service payments are scheduled to be paid semi-annually and range from $903,250 to $2,696,597. Bonds due after June 1, 2021 will be subject to call prior to maturity at the option of the City.

Also on May 14, 2013, the City issued $2,090,000 of general obligation, refunding bonds. The proceeds from the current refunding were used to refund $2,130,000 of outstanding 2004 and 2005 bonds, which had interest rates ranging from 3.25% to 3.55%. The net carrying value of the old debt exceeded the reacquisition price by $7,994. This amount is netted against the new debt and amortized over the life of the refunded debt. The refunding was undertaken to reduce total future debt service payments by $108,211 over four years and to obtain an economic gain of $103,932.

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, 2013 are as follows:

Mary Greeley Medical Center:

Revenue Bonds	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding June 30, 2013
Hospital improvement	2011	$65,000,000	3.00-5.625 %	2036	$64,540,000
Hospital improvement and refunding	2012	26,000,000	2.07	2027	24,545,000
		$91,000,000			$89,085,000

On November 20, 2012, the hospital issued $26,000,000 of revenue bonds to refund the 2003 revenue bonds and to provide additional financing to expand and remodel portions of the existing medical facility. Maturity dates on the bonds range from December 15, 2012 to June 15, 2027. Debt service payments are scheduled to be paid semi-annually in amounts that range from $498,852 to $2,785,989. The hospital pledged to the owners of the bonds all of its rights, title, and interest in and to the net revenues from the hospital on a parity basis with the 2011 bonds, and funds held under the indenture, in order to secure the payment of the bonds.

$14,500,000 of the 2012 revenue bond proceeds was used to advance refund $17,690,000 of the 2003 bonds, which had interest rates ranging from 3.50% to 5.00%. The difference

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

K. Long-term liabilities (continued)

between the reacquisition price and the net carrying value of the old debt was $185,583. This amount is netted against the new debt and amortized over the life of the refunding debt. The refunding was undertaken to reduce total future debt service payments by $2,889,199 and to obtain an economic gain of $1,647,091.

The hospital has pledged future net revenue to repay the 2011 and 2012 revenue bonds with original borrowings of $65,000,000 and $26,000,000, respectively. Net revenue is defined in the bond indenture of trust dated October 1, 2011, and in the supplemental master trust indenture dated November 1, 2012, as operating revenue, less operating expenses plus depreciation. The purpose of the 2011 and 2012 bonds is to refund the 2003 bonds and to finance the expansion and renovation of the medical facility. The bonds are payable solely from net revenues and are payable through 2036 and 2027, respectively. The total principal and interest remaining to be paid on the bonds as of June 30, 2013, is $147,871,198. Principal and interest paid during the fiscal year ended June 30, 2013, was 5,597,094 and net revenue for the same period, as defined above, was $29,464,784.

Under the indenture of trust, the hospital is responsible for all payments of principal, interest, and related expenses of the bonds, and certain funds are required to be maintained by the trustee for interest and principal payments. The hospital is required to comply with various covenants (primarily the debt service coverage ratio, days cash on hand, and the capitalization ratio) and meet certain operating and financial tests. Monthly deposits of one-sixth of the next semi-annual interest payment and one-twelfth of the next annual principal maturity must be made into debt service reserve funds.

<u>Landfill post-closure costs</u>

The City stopped accepting solid waste at its landfill effective June 30, 1992, and has since been closed. 100% of the capacity of the landfill has been used.

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

The liability for post-closure care costs is based on the landfill capacity used to date with no remaining life. The estimated liability for post-closure care costs is $216,621 at June 30, 2013, with a current portion of $16,062.

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 a Solid Waste Alternatives Program loan from the Iowa Department of Natural Resources 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. The balance of the loan on June 30, 2013 was $326,831.

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. The balance of the loan on June 30, 2013 was $52,500.

At June 30, 2013, there were four 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.

The City has entered into a water revenue loan and disbursement agreement anticipation project note with the Iowa Finance Authority (IFA) for an amount not to exceed $11,425,000. The funds will be used to pay the costs to plan and design a new water treatment plant. The loan bears interest at 0% with no initiation or servicing fee, and the principal is payable three years from the project note date of February 9, 2012. It is the intent of City staff to roll the planning and design loan into a state revolving fund construction loan after the project has been bid and actual construction costs are known. Repayment of the construction loan will be made with revenues in the water fund. As of June 30, 2013, the City had borrowed $3,372,549.

Revenue capital loan notes

The City also has a revenue capital loan note agreement with the IFA in an amount not to exceed $3,121,000. The funds will be used to pay for a new ultraviolet light disinfection system for the Water Pollution Control Plant, which is required under the terms of the

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

K. Long-term liabilities (continued)

discharge permit for the facility. The loan bears interest at 1.75% per annum plus a servicing fee of 0.25% per annum. A loan initiation fee of $15,605 (0.50%) was withheld from the proceeds and added to the amount owed by the City. Repayment of the loan will come from the sewer fund. The balance of the loan was $416,070, and the City had $2,704,930 of capital loan notes available as of June 30, 2013.

The capital loan note agreement requires the sewer utility to produce revenues to meet the operation and maintenance expenses of the facility and to maintain net revenues at a level not less than 110% of the amount of principal and interest on the revenue bond and any other obligations secured by a pledge of the net revenues falling due in the same year. In the fiscal year ended June 30, 2013, the sewer fund had net revenues of $(435,416) and the amount of principal and interest due was $3,019. Due to aging facilities, repair costs were higher this fiscal year than in previous years. A rate increase and updated facilities will ensure a sufficient amount of net revenues in the future.

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, 2011, related to the 2012-2013 fiscal year. At June 30, 2013, the outstanding debt of $70,385,000 is below the limit of $174,277,177, leaving a debt margin of over $103 million.

Changes in long-term liabilities. Changes in the City's long-term liabilities for the fiscal year ended June 30, 2013, are as follows:

	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	$ 43,063,614	$ 32,545,000	$ (9,713,723)	$ 65,894,891	$ 7,671,776
Premiums	580,669	1,359,987	(184,597)	1,756,059	167,732
Deferred charges on refunding	(10,726)	7,994	(586)	(3,318)	53
Total bonds payable	43,633,557	33,912,981	(9,898,906)	67,647,632	7,839,561
Compensated absences	1,981,006	2,649,814	(2,707,108)	1,923,712	154,114
Other post-employment benefits	290,233	171,797	-	462,030	-
Governmental activities long-term debt	$ 45,904,796	$ 36,734,592	$ (12,606,014)	$ 70,033,374	$ 7,993,675

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

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

K. Long-term liabilities (continued)

	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013	Due Within One Year
Business-type activities:					
Bonds payable:					
Revenue bonds	$ 82,690,000	$ 26,000,000	$ (19,605,000)	$ 89,085,000	$ 2,755,000
Premiums	900,984	-	(248,980)	652,004	-
Unamortized deferred loss	(199,284)	(185,583)	219,062	(165,805)	-
Total revenue bonds	83,391,700	25,814,417	(19,634,918)	89,571,199	2,755,000
General obligation bonds	2,176,386	2,655,000	(341,277)	4,490,109	453,224
Premiums	27,464	154,491	(11,304)	170,651	16,384
Total general obligation bonds	2,203,850	2,809,491	(352,581)	4,660,760	469,608
Total bonds payable	85,595,550	28,623,908	(19,987,499)	94,231,959	3,224,608
Compensated absences	10,614,005	2,805,723	(2,449,845)	10,969,883	505,012
Loans payable	535,182	3,372,549	(155,851)	3,751,880	160,048
Capital loan notes payable	-	416,070	-	416,070	128,000
Notes payable	2,933,922	216,200	(1,538,837)	1,611,285	1,317,319
Other post-employment benefits	2,645,856	359,715	-	3,005,571	-
Landfill post-closure costs	282,327	-	(65,706)	216,621	16,062
Business-type activities long-term debt	$ 102,606,842	$ 35,794,165	$ (24,197,738)	$ 114,203,269	$ 5,351,049

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

Governmental activities:

Year Ending June 30,	General Obligation Bonds Principal	Interest
2014	$ 7,671,776	$ 1,815,014
2015	6,589,829	1,633,427
2016	6,252,882	1,468,638
2017	6,430,935	1,307,811
2018	6,258,598	1,132,028
2019-2023	21,515,871	3,296,550
2024-2028	6,680,000	1,200,550
2029-2033	4,495,000	346,550
Total	$ 65,894,891	$ 12,200,568

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

K. Long-term liabilities (continued)

Business-type activities:

Year Ending June 30,	General Obligation Bonds Principal	General Obligation Bonds Interest	Revenue Bonds Principal	Revenue Bonds Interest
2014	$ 453,224	$ 142,586	$ 2,755,000	$ 3,869,900
2015	460,171	129,001	2,825,000	3,803,608
2016	472,118	115,029	2,890,000	3,735,480
2017	494,065	100,599	2,960,000	3,665,621
2018	506,402	84,110	3,030,000	3,593,734
2019-2023	1,729,129	193,180	16,290,000	16,839,163
2024-2028	375,000	15,000	19,230,000	13,397,166
2029-2033	-	-	22,510,000	8,109,125
2034-2038	-	-	16,595,000	1,772,400
Total	$ 4,490,109	$ 779,505	$ 89,085,000	$ 58,786,197

Year Ending June 30,	Loans Principal	Loans Interest	Capital Loan Notes Principal	Capital Loan Notes Interest
2014	$ 160,048	$ 8,211	$ 128,000	$ 8,041
2015	3,536,922	3,886	131,000	5,449
2016	54,910	-	134,000	2,829
2017	-	-	23,070	149
2018	-	-	-	-
2019-2023	-	-	-	-
Total	$ 3,751,880	$ 12,097	$ 416,070	$ 16,468

Year Ending June 30,	Notes Principal	Notes Interest
2014	$ 1,317,319	$ 31,188
2015	185,142	2,307
2016	108,824	558
2017	-	-
2018	-	-
2019-2023	-	-
Total	$ 1,611,285	$ 34,053

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
2014	$ 4,813,591	$ 4,059,926	$ 12,485,367	$ 5,874,940
2015	7,138,235	3,944,251	13,728,064	5,577,678
2016	3,659,852	3,853,896	9,912,734	5,322,534
2017	3,477,135	3,766,369	9,908,070	5,074,180
2018	3,536,402	3,677,844	9,795,000	4,809,872
2019-2023	18,019,129	17,032,343	39,535,000	20,328,893
2024-2028	19,605,000	13,412,166	26,285,000	14,612,716
2029-2033	22,510,000	8,109,125	27,005,000	8,455,675
2034-2038	16,595,000	1,772,400	16,595,000	1,772,400
Total	$ 99,354,344	$ 59,628,320	$ 165,249,235	$ 71,828,888

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	$ 44,833	$ -	$ -	$ 96,796	$ -	$ 141,629
Prepaid items	28,790	15,800	-	1,684	-	46,274
Perpetual care principal	-	-	-	-	905,419	905,419
Aquatic center endowment	-	-	-	-	1,000,000	1,000,000
Total nonspendable fund balance	73,623	15,800	-	98,480	1,905,419	2,093,322
Restricted:						
Debt service	-	229,619	1,260,206	-	-	1,489,825
Aquatic center	-	-	-	-	89,093	89,093
Airport construction	-	262,568	-	-	-	262,568
Other construction	-	46,202	-	3,722,368	-	3,768,570
Environment and economic betterment	-	-	-	5,684,501	-	5,684,501
General obligation bond projects	-	31,608,717	-	-	-	31,608,717
Housing assistance	-	-	-	584,081	-	584,081
Public safety	-	-	-	254,624	-	254,624
Public safety pension	-	-	-	1,196,062	-	1,196,062
Library	-	-	-	816,910	-	816,910
Parks and recreation	-	-	-	1,764,206	-	1,764,206
Project Share	-	-	-	4,508	-	4,508
Public art	-	-	-	119	-	119
Developers' projects	-	-	-	149,192	-	149,192
Total restricted fund balance	-	32,147,106	1,260,206	14,176,571	89,093	47,672,976
Committed:						
Bike trails	-	-	-	17,054	-	17,054
Parks and recreation	-	-	-	78,745	-	78,745
Housing assistance	-	-	-	773,238	-	773,238
Library	-	-	-	91,885	-	91,885
Green energy projects	-	-	-	4,907	-	4,907
Environment and economic betterment	-	-	-	581,356	-	581,356
Total committed fund balance	-	-	-	1,547,185	-	1,547,185
Assigned:						
Administration	40,500	-	-	-	-	40,500
Economic development	1,125	-	-	-	-	1,125
Flood mitigation	5,667	-	-	-	-	5,667
Facilities	248,386	-	-	-	-	248,386
Parks and recreation	65,855	-	-	-	-	65,855
Airport	12,382	-	-	-	-	12,382
Cemetery	9,015	-	-	-	-	9,015
Total assigned fund balance	382,930	-	-	-	-	382,930
Unassigned	7,902,465	-	-	(669,214)	-	7,233,251
Total fund balance	$ 8,359,018	$ 32,162,906	$ 1,260,206	$ 15,153,022	$ 1,994,512	$ 58,929,664

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

M. Interfund receivables and payables

The composition of interfund balances as of June 30, 2013, is as follows:

	Payable fund				
Receivable fund	General Fund	Capital Projects	Electric	Sewer	Water
Major funds:					
General fund	$ -	$ 205,779	$ 246,644	$ 45,843	$ 50,325
Capital projects	99,006	-	-	9,443	2,660
Electric	-	-	-	39,804	43,426
Sewer	852	669,017	28,510	-	18,114
Water	-	688,360	39,261	2,123	-
Transit	4,503	-	-	-	-
Nonmajor funds:					
Permanent	17,634	-	-	-	-
Special revenue	30,966	2,606	-	7,593	7,593
Enterprise	18,015	1,369,216	61,976	-	-
Internal service	146,047	1,811	71,349	31,394	36,904
Total	$ 317,023	$2,936,789	$ 447,740	$ 136,200	$ 159,022

	Payable fund				
Receivable fund	Transit	Nonmajor Special Revenue Funds	Nonmajor Enterprise Funds	Internal Service Funds	Total
Major funds:					
General fund	$ 17,036	$ 836,719	$ 45,845	$ 17,372	$1,465,563
Capital projects	-	59,169	401	-	170,679
Electric	-	212	-	-	83,442
Sewer	-	-	369	-	716,862
Water	-	16,011	487	-	746,242
Transit	-	-	-	-	4,503
Nonmajor funds:					
Permanent	-	-	-	-	17,634
Special revenue	-	296,292	7,593	4,227	356,870
Enterprise	-	385,512	-	-	1,834,719
Internal service	4,253	72,343	38,838	2,219	405,158
Total	$ 21,289	$1,666,258	$ 93,533	$ 23,818	$5,801,672

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

M. Interfund receivables and payables (continued)

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.

N. Interfund transfers

The composition of interfund transfers for the year ended June 30, 2013, is as follows:

	Transfers out						
Transfers in	General Fund	Capital Projects	Electric	Sewer	Water	Nonmajor Special Revenue Funds	Total
Major funds:							
General fund	$ -	$ -	$1,926,800	$ -	$ -	$5,874,445	$ 7,801,245
Capital projects	180,415	-	-	-	-	-	180,415
Debt service	-	496,759	-	-	-	116,817	613,576
Transit	1,465,939	-	-	-	-	-	1,465,939
Nonmajor funds:							
Special revenue	-	-	-	-	-	100,153	100,153
Enterprise	452,862	-	-	-	-	20,000	472,862
Internal service	75,000	-	-	12,376	12,376	12,375	112,127
Total	$2,174,216	$ 496,759	$1,926,800	$ 12,376	$ 12,376	$6,123,790	$ 10,746,317

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 $89,093 at June 30, 2013, are shown as restricted net position. These funds can be used at the aquatic center to minimize the City's ongoing operational costs, to fund future repairs and enhancements, and to replace equipment. Chapter 540A of the Code of Iowa permits the City to appropriate an amount of net appreciation as the City determines, in good faith, while considering the duration and preservation of the endowment fund, the purposes of the City and the fund, general economic conditions, the possible effect of inflation or deflation, the expected total return from income and the appreciation of investments, other resources of the City, and the investment policy of the City.

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

P. Contingencies

The City's Legal Department reported to management that, as of June 30, 2013, 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, 2013. 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.

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

Q. Joint venture

The hospital has a joint venture with McFarland Clinic, P.C. to form Health Ventures of Central Iowa, LLC (Health Ventures), of which it owns 50%. A joint venture also exists with Garner Dialysis, LLC, which is owned 40% by the hospital. The hospital uses the equity method of accounting for joint ventures in which it has the ability to exercise significant influence over operating and financial policies of the investee. Financial statements of the joint ventures are available at Mary Greeley Medical Center, 1111 Duff Avenue, Ames, IA 50010.

R. Related party transactions

The hospital's board of trustees approved the guarantee of certain debt on behalf of the Health Ventures joint venture mentioned above. The hospital's guaranteed portion of the debt is approximately $178,000, and the hospital can only be required to perform on the guarantee in the event of nonpayment by Health Ventures. 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, 2013.

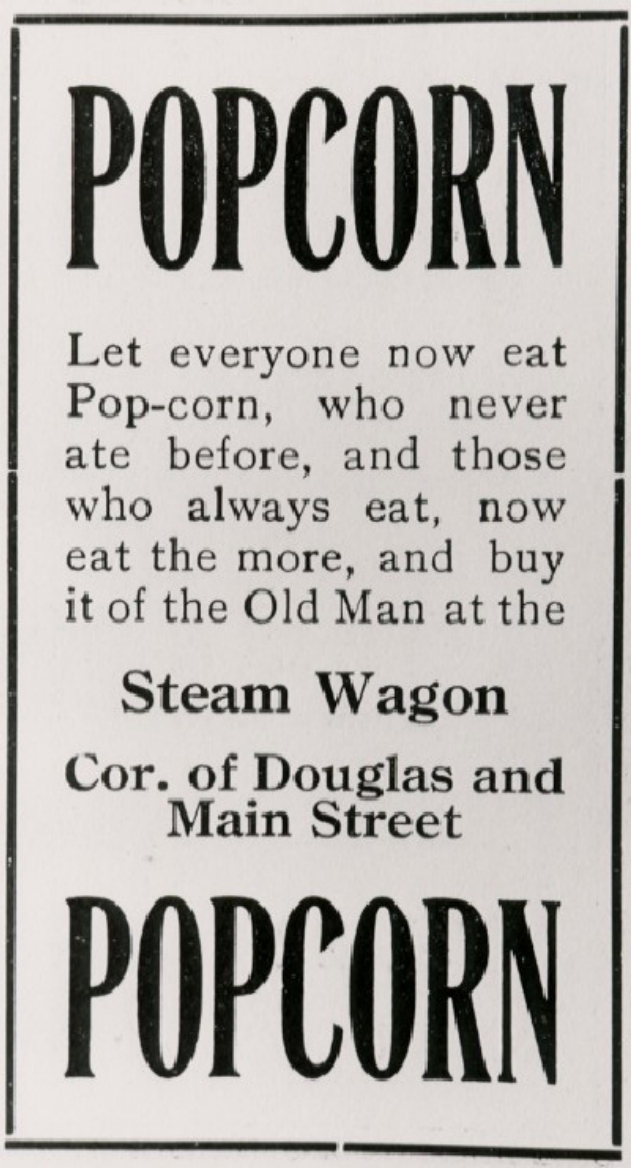
S. Subsequent Events

In November 2013, the City received an additional $1,215,034 in loan proceeds from IFA for the new water treatment plant per the water revenue loan and disbursement agreement anticipation note. This brings the total amount outstanding to $4,587,583 as of the date of this report.

Also in November 2013, the City received $459,203 in loan proceeds from IFA for the ultraviolet light disinfection system at the water pollution control plant per the revenue capital loan note agreement. The total amount outstanding as of the date of this report is $875,273.

REQUIRED SUPPLEMENTARY INFORMATION

STEAM WAGON POPCORN



Sign which hung on Ben Young's popcorn wagon which was parked at the corner of Douglas Avenue and Main Street from 1913 through March, 1939. Photo is from an advertisement in the "Ames High Spirit," (May) 1913.

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]
2013	07/01/12	07/01/11	-	$ 5,876,864	$ 5,876,864	0.00%	$ 90,590,827	6.49%
2012	07/01/10	07/01/11	-	5,065,864	5,065,864	0.00%	82,680,630	6.13%
2011	07/01/10	07/01/09	-	5,302,219	5,302,219	0.00%	81,335,406	6.52%

City of Ames
Budgetary Comparison Schedule
Governmental and Proprietary Funds
For the Fiscal Year Ended June 30, 2013

	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	$ 23,812,139	$ -	$ 23,812,139	$ 23,952,198	$ 23,952,198	$ (140,059)
Delinquent property taxes	2,714	-	2,714	-	-	2,714
TIF revenues	180	-	180	228	228	(48)
Other City taxes	8,504,633	-	8,504,633	8,590,022	8,240,871	263,762
Licenses and permits	1,699,377	21,566	1,720,943	1,467,153	1,560,478	160,465
Use of money and property	292,221	13,637,460	13,929,681	12,668,621	10,682,414	3,247,267
Intergovernmental	9,084,529	11,964,454	21,048,983	25,748,160	34,841,572	(13,792,589)
Charges for services	3,287,454	253,812,274	257,099,728	254,228,696	259,968,301	(2,868,573)
Special assessments	335,049	-	335,049	220,000	320,000	15,049
Miscellaneous	1,155,030	4,800,705	5,955,735	1,154,446	2,386,296	3,569,439
Other financing sources	47,506,803	6,652,871	54,159,674	31,177,668	50,533,578	3,626,096
Total revenues and other financing sources	95,680,129	290,889,330	386,569,459	359,207,192	392,485,936	(5,916,477)
Expenditures and other financing uses:						
General government	2,568,037	-	2,568,037	2,425,341	2,592,976	24,939
Public safety	15,118,661	-	15,118,661	15,683,560	15,621,408	502,747
Public works	5,977,310	-	5,977,310	5,930,123	6,300,191	322,881
Health and social services	986,409	-	986,409	1,170,587	1,169,237	182,828
Culture and recreation	6,951,688	-	6,951,688	7,174,706	7,267,418	315,730
Community and economic development	3,182,916	-	3,182,916	2,751,170	3,512,653	329,737
Debt service	11,604,634	-	11,604,634	9,704,178	11,604,634	-
Capital outlay	13,282,146	-	13,282,146	22,711,364	35,757,147	22,475,001
Total governmental expenditures	59,671,801	-	59,671,801	67,551,029	83,825,664	24,153,863
Business-type expenditures	-	263,870,542	263,870,542	272,650,957	296,655,999	32,785,457
Total expenditures and other financing uses	59,671,801	263,870,542	323,542,343	340,201,986	380,481,663	56,939,320
Other financing uses	10,596,021	3,230,651	13,826,672	13,600,168	13,991,551	164,879
Total expenditures, other financing uses, and transfers out	70,267,822	267,101,193	337,369,015	353,802,154	394,473,214	57,104,199
Excess revenues and other financing sources over (under) expenditures, other financing uses, and transfers out	25,412,307	23,788,137	49,200,444	5,405,038	(1,987,278)	51,187,722
Fund balances, beginning	39,950,498	462,301,363	502,251,861	454,082,193	502,251,861	-
Fund balances, ending	$ 65,362,805	$ 486,089,500	$ 551,452,305	$ 459,487,231	$ 500,264,583	$ 51,187,722

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, 2013

	Governmental Funds			Proprietary Funds		
	Budget Basis	Adjustments	Modified Accrual Basis	Budget Basis	Adjustments	Accrual Basis
Revenues and other financing sources	$ 95,680,129	$ (4,962,162)	$ 90,717,967	$ 290,889,330	$ (4,851,641)	$ 286,037,689
Expenditures and other financing uses	70,267,822	(2,305,488)	67,962,334	267,101,193	(19,221,417)	247,879,776
Excess revenues and other financing sources over expenditures and other financing uses	25,412,307	(2,656,674)	22,755,633	23,788,137	14,369,776	38,157,913
Fund balances, beginning	39,950,498	(3,776,467)	36,174,031	462,301,363	35,399,322	497,700,685
Fund balances, ending	$ 65,362,805	$ (6,433,141)	$ 58,929,664	$ 486,089,500	$ 49,769,098	$ 535,858,598

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

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

Two budget amendments during the fiscal year increased budgeted expenditures by $40,671,060. These amendments are reflected in the final budget amounts.

SUPPLEMENTARY INFORMATION

AMES JUNIOR HIGH SCHOOL

The older part of the building (the 2/3 shown at the left) was built in 1881 as the first brick schoolhouse in Ames and served as the only school for all Ames children in the 1880s and 1890s. The part to the right was added and provided four additional classrooms. This building stood on the west side of Clark Avenue between Fifth and Sixth streets.

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 investment earnings are recorded in the General Fund and are used to maintain the cemetery.

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

City of Ames
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

		Permanent Funds		
	Nonmajor Special Revenue Funds	Perpetual Care	Furman Aquatic Center Endowment	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	$ 11,171,812	$ 7,915	$ 845,921	$ 12,025,648
Investments	3,168,418	879,510	240,029	4,287,957
Taxes receivable	4,838	-	-	4,838
Accrued interest receivable	11,848	-	3,143	14,991
Accounts receivable, net	10,519	360	-	10,879
Intergovernmental receivable	2,913,713	-	-	2,913,713
Loans receivable	36,921	-	-	36,921
Due from other funds	356,870	17,634	-	374,504
Inventories	96,796	-	-	96,796
Property held for resale	550,770	-	-	550,770
Prepaid items	1,684	-	-	1,684
Succeeding year taxes receivable	1,748,237	-	-	1,748,237
Long-term loans receivable	45,460	-	-	45,460
Total assets	$ 20,117,886	$ 905,419	$ 1,089,093	$ 22,112,398
LIABILITIES				
Accounts payable	$ 202,706	$ -	$ -	$ 202,706
Accrued payroll	60,020	-	-	60,020
Retainage payable	40,076	-	-	40,076
Customer deposits	99,437	-	-	99,437
Intergovernmental payable	6,948	-	-	6,948
Due to other funds	1,666,258	-	-	1,666,258
Deferred revenue	1,141,182	-	-	1,141,182
Succeeding year unearned revenue	1,748,237	-	-	1,748,237
Total liabilities	4,964,864	-	-	4,964,864
FUND BALANCES (DEFICITS)				
Nonspendable	98,480	905,419	1,000,000	2,003,899
Restricted	14,176,571	-	89,093	14,265,664
Committed	1,547,185	-	-	1,547,185
Assigned	-	-	-	-
Unassigned	(669,214)	-	-	(669,214)
Total fund balances (deficits)	15,153,022	905,419	1,089,093	17,147,534
Total liabilities and fund balances (deficits)	$ 20,117,886	$ 905,419	$ 1,089,093	$ 22,112,398

City of Ames
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

		Permanent Funds		
	Nonmajor Special Revenue Funds	Perpetual Care	Furman Aquatic Center Endowment	Total Nonmajor Governmental Funds
REVENUES				
Taxes	$ 9,981,447	$ -	$ -	$ 9,981,447
Intergovernmental	7,128,724	-	-	7,128,724
Charges for services	3,050	14,703	-	17,753
Investment income	(3,913)	-	(588)	(4,501)
Miscellaneous	672,798	-	-	672,798
Total revenues	17,782,106	14,703	(588)	17,796,221
EXPENDITURES				
Current:				
General government	92,633	-	-	92,633
Public safety	179,539	-	-	179,539
Public works	4,258,412	-	-	4,258,412
Health and social services	1,005,458	-	-	1,005,458
Culture and recreation	409,176	-	-	409,176
Community and economic development	1,758,786	-	-	1,758,786
Capital outlay	3,880,887	-	-	3,880,887
Total expenditures	11,584,891	-	-	11,584,891
Excess (deficiency) of revenues over (under) expenditures	6,197,215	14,703	(588)	6,211,330
OTHER FINANCING SOURCES (USES)				
Transfers in	100,153	-	-	100,153
Transfers out	(6,123,790)	-	-	(6,123,790)
Total other financing sources (uses)	(6,023,637)	-	-	(6,023,637)
Net change in fund balance	173,578	14,703	(588)	187,693
Fund balances, beginning	14,979,444	890,716	1,089,681	16,959,841
Fund balances, ending	$ 15,153,022	$ 905,419	$ 1,089,093	$ 17,147,534

City of Ames
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2013

	Local Option Tax	Hotel/ Motel Tax	Road Use Tax	Bike Licenses	Police Forfeiture & Grants	Housing Assistance	TIF	Employee Benefit Property Tax	Police & Fire 411	Parks & Recreation Programs
ASSETS										
Cash and cash equivalents	$ 3,901,869	$ 307,423	$ 2,705,314	$ 13,285	$ 49,309	$ 360,202	$ -	$ -	$ 929,813	$ 1,432,771
Investments	1,107,148	87,231	767,627	3,769	13,991	102,206	-	-	263,833	406,546
Taxes receivable	-	-	-	-	-	-	-	4,838	-	-
Accrued interest receivable	-	-	-	-	-	-	-	-	3,482	5,311
Accounts receivable, net	937	-	-	-	1,646	1,950	-	-	-	-
Intergovernmental receivable	1,120,947	499,029	483,797	-	5,738	-	-	-	-	-
Loans receivable	-	-	-	-	-	7,124	-	-	-	-
Due from other funds	7,974	-	50,804	-	166	294,615	-	-	-	-
Inventories	-	-	96,796	-	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	1,684	-	-	-	-	-	-	-
Succeeding year taxes receivable	-	-	-	-	-	-	-	1,748,237	-	-
Long-term loans receivable	-	-	-	-	-	7,352	-	-	-	-
Total assets	$ 6,138,875	$ 893,683	$ 4,106,022	$ 17,054	$ 70,850	$ 773,449	$ -	$ 1,753,075	$ 1,197,128	$ 1,844,628
LIABILITIES										
Accounts payable	$ 73,464	$ 43,806	$ 80,647	$ -	$ 987	$ -	$ 236	$ -	$ -	$ -
Accrued payroll	4,254	-	52,675	-	490	5	-	-	-	-
Retainage payable	18,465	-	21,611	-	-	-	-	-	-	-
Customer deposits	-	-	-	-	-	-	-	-	-	-
Intergovernmental payable	6,888	-	-	-	-	-	-	-	-	-
Due to other funds	663,854	-	129,328	-	1,054	206	67,847	4,838	1,066	1,677
Deferred revenue	38,297	499,029	913	-	1,812	-	-	-	-	-
Succeeding year unearned revenue	-	-	-	-	-	-	-	1,748,237	-	-
Total liabilities	805,222	542,835	285,174	-	4,343	211	68,083	1,753,075	1,066	1,677
FUND BALANCES (DEFICITS)										
Nonspendable	-	-	98,480	-	-	-	-	-	-	-
Restricted	5,333,653	350,848	3,722,368	-	66,507	-	-	-	1,196,062	1,764,206
Committed	-	-	-	17,054	-	773,238	-	-	-	78,745
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(68,083)	-	-	-
Total fund balances (deficits)	5,333,653	350,848	3,820,848	17,054	66,507	773,238	(68,083)	-	1,196,062	1,842,951
Total liabilities and fund balances (deficits)	$ 6,138,875	$ 893,683	$ 4,106,022	$ 17,054	$ 70,850	$ 773,449	$ -	$ 1,753,075	$ 1,197,128	$ 1,844,628

City of Ames
Combining Balance Sheet (continued)
Nonmajor Special Revenue Funds
June 30, 2013

	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	$ 705,654	$ 6,950	$ 1,229	$ 2,271	$ 145,018	$ 93	$ 194,790	$ 415,821	$ -	$11,171,812
Investments	200,228	1,972	349	644	41,149	26	53,710	117,989	-	3,168,418
Taxes receivable	-	-	-	-	-	-	-	-	-	4,838
Accrued interest receivable	2,386	-	-	-	540	-	129	-	-	11,848
Accounts receivable, net	-	705	-	-	940	-	-	4,341	-	10,519
Intergovernmental receivable	-	-	-	8,287	-	-	-	-	795,915	2,913,713
Loans receivable	-	-	-	4,263	-	-	-	25,534	-	36,921
Due from other funds	3,311	-	-	-	-	-	-	-	-	356,870
Inventories	-	-	-	-	-	-	-	-	-	96,796
Property held for resale	-	-	-	550,770	-	-	-	-	-	550,770
Prepaid items	-	-	-	-	-	-	-	-	-	1,684
Succeeding year taxes receivable	-	-	-	-	-	-	-	-	-	1,748,237
Long-term loans receivable	-	-	-	20,437	-	-	-	17,671	-	45,460
Total assets	$ 911,579	$ 9,627	$ 1,578	$ 586,672	$ 187,647	$ 119	$ 248,629	$ 581,356	$ 795,915	$20,117,886
LIABILITIES										
Accounts payable	$ 532	$ -	$ -	$ 1,986	$ 1,048	$ -	$ -	$ -	$ -	$ 202,706
Accrued payroll	2,252	-	-	344	-	-	-	-	-	60,020
Retainage payable	-	-	-	-	-	-	-	-	-	40,076
Customer deposits	-	-	-	-	-	-	99,437	-	-	99,437
Intergovernmental payable	-	-	-	-	60	-	-	-	-	6,948
Due to other funds	-	212	-	261	-	-	-	-	795,915	1,666,258
Deferred revenue	-	-	-	-	-	-	-	-	601,131	1,141,182
Succeeding year unearned revenue	-	-	-	-	-	-	-	-	-	1,748,237
Total liabilities	2,784	212	-	2,591	1,108	-	99,437	-	1,397,046	4,964,864
FUND BALANCES (DEFICITS)										
Nonspendable	-	-	-	-	-	-	-	-	-	98,480
Restricted	816,910	4,508	1,578	584,081	186,539	119	149,192	-	-	14,176,571
Committed	91,885	4,907	-	-	-	-	-	581,356	-	1,547,185
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	(601,131)	(669,214)
Total fund balances (deficits)	908,795	9,415	1,578	584,081	186,539	119	149,192	581,356	(601,131)	15,153,022
Total liabilities and fund balances (deficits)	$ 911,579	$ 9,627	$ 1,578	$ 586,672	$ 187,647	$ 119	$ 248,629	$ 581,356	$ 795,915	$20,117,886

City of Ames
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2013

	Local Option Tax	Hotel/ Motel Tax	Road Use Tax	Bike Licenses	Police Forfeiture & Grants	Housing Assistance	TIF	Employee Benefit Property Tax	Police & Fire 411	Parks & Recreation Programs
REVENUES										
Taxes	$ 6,655,355	$ 1,750,924	$ -	$ -	$ -	$ -	$ 180	$ 1,574,988	$ -	$ -
Intergovernmental	381,621	-	5,717,206	-	163,919	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	3,050
Investment income	-	-	-	-	-	-	(375)	-	(1,148)	(877)
Miscellaneous	-	-	-	-	14,176	-	-	-	-	71,448
Total revenues	7,036,976	1,750,924	5,717,206	-	178,095	-	(195)	1,574,988	(1,148)	73,621
EXPENDITURES										
Current:										
General government	-	-	79,946	-	-	-	-	-	12,687	-
Public safety	-	-	-	-	169,113	-	-	-	-	-
Public works	-	-	4,258,412	-	-	-	-	-	-	-
Health and social services	986,409	-	-	-	-	-	-	-	-	-
Culture and recreation	295,353	-	-	-	-	-	-	-	-	24,626
Community and economic development	29,450	1,464,538	-	-	-	32,498	-	-	-	-
Capital outlay	1,706,323	-	779,475	-	-	-	-	-	-	-
Total expenditures	3,017,535	1,464,538	5,117,833	-	169,113	32,498	-	-	12,687	24,626
Excess (deficiency) of revenues over (under) expenditures	4,019,441	286,386	599,373	-	8,982	(32,498)	(195)	1,574,988	(13,835)	48,995
OTHER FINANCING SOURCES (USES)										
Transfers in	100,153	-	-	-	-	-	-	-	-	-
Transfers out	(4,013,213)	(250,382)	(12,375)	-	-	-	(116,817)	(1,574,988)	(156,015)	-
Total other financing sources (uses)	(3,913,060)	(250,382)	(12,375)	-	-	-	(116,817)	(1,574,988)	(156,015)	-
Net change in fund balances	106,381	36,004	586,998	-	8,982	(32,498)	(117,012)	-	(169,850)	48,995
Fund balances, beginning	5,227,272	314,844	3,233,850	17,054	57,525	805,736	48,929	-	1,365,912	1,793,956
Fund balances, ending	$ 5,333,653	$ 350,848	$ 3,820,848	$ 17,054	$ 66,507	$ 773,238	$ (68,083)	$ -	$ 1,196,062	$ 1,842,951

City of Ames
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2013

	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	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,981,447
Intergovernmental	11,722	-	-	558,464	-	-	-	-	295,792	7,128,724
Charges for services	-	-	-	-	-	-	-	-	-	3,050
Investment income	(1,429)	-	-	-	(55)	(5)	(24)	-	-	(3,913)
Miscellaneous	522,502	19,247	110	766	22,724	92	-	21,733	-	672,798
Total revenues	532,795	19,247	110	559,230	22,669	87	(24)	21,733	295,792	17,782,106
EXPENDITURES										
Current:										
General government	-	-	-	-	-	-	-	-	-	92,633
Public safety	-	-	-	-	10,426	-	-	-	-	179,539
Public works	-	-	-	-	-	-	-	-	-	4,258,412
Health and social services	-	19,049	-	-	-	-	-	-	-	1,005,458
Culture and recreation	89,184	-	-	-	-	13	-	-	-	409,176
Community and economic development	-	-	-	214,800	-	-	-	17,500	-	1,758,786
Capital outlay	458,013	-	-	348,609	-	-	-	-	588,467	3,880,887
Total expenditures	547,197	19,049	-	563,409	10,426	13	-	17,500	588,467	11,584,891
Excess (deficiency) of revenues over (under) expenditures	(14,402)	198	110	(4,179)	12,243	74	(24)	4,233	(292,675)	6,197,215
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	-	-	-	-	-	100,153
Transfers out	-	-	-	-	-	-	-	-	-	(6,123,790)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	(6,023,637)
Net change in fund balances	(14,402)	198	110	(4,179)	12,243	74	(24)	4,233	(292,675)	173,578
Fund balances, beginning	923,197	9,217	1,468	588,260	174,296	45	149,216	577,123	(308,456)	14,979,444
Fund balances, ending	$ 908,795	$ 9,415	$ 1,578	$ 584,081	$ 186,539	$ 119	$ 149,192	$ 581,356	$ (601,131)	$15,153,022

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 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 Position
Nonmajor Enterprise Funds
June 30, 2013

	Storm Sewer Utility	Parking	Resource Recovery	Ames / ISU Ice Arena	Homewood Golf Course	Total Nonmajor Enterprise Funds
ASSETS						
Current assets:						
Cash and cash equivalents	$ 1,339,319	$ 332,379	$ 2,203,136	$ 421,780	$ 98,827	$ 4,395,441
Investments	380,029	94,227	625,107	119,537	27,957	1,246,857
Accrued interest receivable	5,003	1,247	8,350	1,643	356	16,599
Accounts receivable, net	127,853	2,598	272,160	8,881	-	411,492
Due from other funds	404,913	18,015	1,411,791	-	-	1,834,719
Intergovernmental receivable	14,457	135	394,755	7,852	-	417,199
Inventories	-	24,750	-	4,866	2,463	32,079
Prepaid items	-	1,262	2,033	-	-	3,295
Total current assets	2,271,574	474,613	4,917,332	564,559	129,603	8,357,681
Noncurrent assets:						
Deferred debt issuance costs, net	-	-	25,855	-	-	25,855
Capital assets:						
Land	-	910,547	531,517	-	193,250	1,635,314
Land improvements	569,854	647,228	196,611	63,578	127,581	1,604,852
Buildings	-	-	11,219,649	1,688,110	87,003	12,994,762
Equipment	8,390	56,130	6,479,219	142,416	-	6,686,155
Less accumulated depreciation	(180,512)	(583,524)	(11,442,068)	(806,689)	(132,706)	(13,145,499)
Total noncurrent assets	397,732	1,030,381	7,010,783	1,087,415	275,128	9,801,439
Total assets	2,669,306	1,504,994	11,928,115	1,651,974	404,731	18,159,120
LIABILITIES						
Current liabilities:						
Accounts payable	28,024	9,321	75,759	13,739	5,399	132,242
Accrued payroll	2,013	8,476	1,733	2,636	5,462	20,320
Accrued compensated absences	622	1,709	3,520	649	249	6,749
Due to other funds	11,090	26,122	52,764	1,258	2,299	93,533
Retainage payable	6,108	-	-	-	-	6,108
Accrued interest	-	-	2,707	-	-	2,707
Loans payable - current	-	-	142,548	-	-	142,548
Intergovernmental payable	655	-	49,444	96	672	50,867
Accrued landfill post-closure costs	-	-	16,062	-	-	16,062
Bonds payable, net	-	-	105,080	-	-	105,080
Unearned revenue	-	5,230	-	-	-	5,230
Total current liabilities	48,512	50,858	449,617	18,378	14,081	581,446
Noncurrent liabilities:						
Accrued compensated absences	8,872	26,976	70,936	8,537	2,838	118,159
Post-employment benefits	5,860	8,363	26,796	1,794	1,433	44,246
Loans payable	-	-	184,283	-	-	184,283
Accrued landfill post-closure costs	-	-	200,559	-	-	200,559
Bonds payable, net	-	-	1,275,876	-	-	1,275,876
Total noncurrent liabilities	14,732	35,339	1,758,450	10,331	4,271	1,823,123
Total liabilities	63,244	86,197	2,208,067	28,709	18,352	2,404,569
NET POSITION						
Net investment in capital assets	397,732	1,030,381	6,597,141	1,087,415	275,128	9,387,797
Unrestricted	2,208,330	388,416	3,122,907	535,850	111,251	6,366,754
Total net position	$ 2,606,062	$ 1,418,797	$ 9,720,048	$ 1,623,265	$ 386,379	$15,754,551

City of Ames
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2013

	Storm Sewer	Parking	Resource Recovery	Ames / ISU Ice Arena	Homewood Golf Course	Total Nonmajor Enterprise Funds
Operating revenues:						
Charges for services	$ 1,136,621	$ 883,899	$ 3,731,936	$ 471,760	$ 220,643	$ 6,444,859
Operating expenses:						
Cost of goods and services	641,326	769,834	3,712,419	534,824	203,890	5,862,293
Administration	1,880	63,433	207,220	-	-	272,533
Depreciation	12,640	12,289	443,589	71,137	8,062	547,717
Total operating expenses	655,846	845,556	4,363,228	605,961	211,952	6,682,543
Operating income (loss)	480,775	38,343	(631,292)	(134,201)	8,691	(237,684)
Non-operating revenues (expenses):						
Reimbursements	-	-	272,327	-	-	272,327
Investment income	(526)	(87)	357	(425)	(23)	(704)
Interest expense	-	-	(11,627)	-	-	(11,627)
Total non-operating revenues (expenses)	(526)	(87)	261,057	(425)	(23)	259,996
Income (loss) before capital contributions and transfers	480,249	38,256	(370,235)	(134,626)	8,668	22,312
Capital contributions	-	-	-	20,000	-	20,000
Transfers in	-	-	452,862	20,000	-	472,862
Change in net position	480,249	38,256	82,627	(94,626)	8,668	515,174
Net position, beginning	2,125,813	1,380,541	9,637,421	1,717,891	377,711	15,239,377
Net position, ending	$ 2,606,062	$ 1,418,797	$ 9,720,048	$ 1,623,265	$ 386,379	$ 15,754,551

City of Ames
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2013

	Storm Sewer Utility	Parking	Resource Recovery	Ames / ISU Ice Arena	Homewood Golf Course	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	$ 746,834	$ 868,333	$ 2,517,063	$ 470,625	$ 223,478	$ 4,826,333
Payments to suppliers	(299,999)	(147,577)	(2,185,141)	(279,418)	(62,773)	(2,974,908)
Payments to employees	(250,633)	(534,712)	(1,264,750)	(219,399)	(112,039)	(2,381,533)
Payments to other funds for services provided	(79,132)	(135,987)	(592,649)	(39,437)	(28,532)	(875,737)
Net cash provided by (used for) operating activities	117,070	50,057	(1,525,477)	(67,629)	20,134	(1,405,845)
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES						
Reimbursements	-	-	272,327	-	-	272,327
Transfers in	-	-	452,862	20,000	-	472,862
Net cash provided by (used for) non-capital financing activities	-	-	725,189	20,000	-	745,189
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(43,476)	-	(164,414)	-	-	(207,890)
Proceeds from issuance of bonds	-	-	1,355,101	-	-	1,355,101
Principal paid on loans	-	-	(138,351)	-	-	(138,351)
Interest paid on loans	-	-	(8,920)	-	-	(8,920)
Capital contributions	-	-	-	20,000	-	20,000
Net cash provided by (used for) capital and related financing activities	(43,476)	-	1,043,416	20,000	-	1,019,940
CASH FLOWS FROM INVESTING ACTIVITIES						
Reclassification of investments	(380,029)	(94,227)	(625,107)	(119,537)	(27,957)	(1,246,857)
Interest on investments	(620)	(142)	(1,061)	(255)	(33)	(2,111)
Net cash provided by (used for) investing activities	(380,649)	(94,369)	(626,168)	(119,792)	(27,990)	(1,248,968)
Net increase (decrease) in cash and cash equivalents	(307,055)	(44,312)	(383,040)	(147,421)	(7,856)	(889,684)
Cash and cash equivalents, beginning	1,646,374	376,691	2,586,176	569,201	106,683	5,285,125
Cash and cash equivalents, ending	$ 1,339,319	$ 332,379	$ 2,203,136	$ 421,780	$ 98,827	$ 4,395,441

City of Ames
Combining Statement of Cash Flows (continued)
Nonmajor Enterprise Funds
For the Year Ended June 30, 2013

	Storm Sewer Utility	Parking	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)	$ 480,775	$ 38,343	$ (631,292)	$ (134,201)	$ 8,691	$ (237,684)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation expense	12,640	12,289	443,589	71,137	8,062	547,717
(Increase) decrease in accounts receivable	(6,584)	2,846	103,303	(803)	2,835	101,597
(Increase) decrease in due from other funds	(400,180)	(18,015)	(1,347,885)	-	-	(1,766,080)
(Increase) decrease in intergovernmental receivable	16,977	(27)	29,709	(332)	-	46,327
(Increase) decrease in inventories	-	(12,647)	-	1,102	347	(11,198)
(Increase) decrease in prepaid items	-	-	(1,973)	-	-	(1,973)
Increase (decrease) in accounts payable	3,744	5,132	(60,644)	(333)	(757)	(52,858)
Increase (decrease) in accrued payroll	1,351	(185)	(923)	540	1,181	1,964
Increase (decrease) in accrued compensated absences	(243)	8,038	1,375	(640)	(991)	7,539
Increase (decrease) in due to other funds	1,211	11,544	10,291	(31)	368	23,383
Increase (decrease) in retainage payable	4,929	-	(3,102)	(4,665)	-	(2,838)
Increase (decrease) in intergovernmental payable	271	-	(12,182)	(70)	(134)	(12,115)
Increase (decrease) in accrued landfill post-closure costs	-	-	(65,706)	-	-	(65,706)
Increase (decrease) in unearned revenue	-	(370)	-	-	-	(370)
Increase (decrease) in post-employment benefits	2,179	3,109	9,963	667	532	16,450
Total adjustments	(363,705)	11,714	(894,185)	66,572	11,443	(1,168,161)
Net cash provided by (used for) operating activities	$ 117,070	$ 50,057	$ (1,525,477)	$ (67,629)	$ 20,134	$ (1,405,845)

Internal Service Funds

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

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

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

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

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

City of Ames
Combining Statement of Net Position
Internal Service Funds
June 30, 2013

	Fleet Services	Information Technology	Risk Management	Health Insurance	Total Internal Service Funds
ASSETS					
Current assets:					
Cash and cash equivalents	$ 5,533,887	$ 2,113,098	$ 1,057,426	$ 2,549,436	$11,253,847
Investments	1,570,230	599,587	298,978	723,398	3,192,193
Accrued interest receivable	20,679	7,531	3,835	9,432	41,477
Accounts receivable, net	16,910	20	391	-	17,321
Due from other funds	283,743	121,415	-	-	405,158
Intergovernmental receivable	17,220	14,839	-	-	32,059
Inventories	74,194	-	-	-	74,194
Prepaid items	5,563	60,419	287	64	66,333
Total current assets	7,522,426	2,916,909	1,360,917	3,282,330	15,082,582
Noncurrent assets:					
Capital assets:					
Land improvements	107,365	192,433	-	-	299,798
Buildings	551,493	-	-	-	551,493
Equipment	13,166,768	2,090,674	13,670	-	15,271,112
Less accumulated depreciation	(7,160,057)	(1,803,391)	(13,670)	-	(8,977,118)
Total noncurrent assets	6,665,569	479,716	-	-	7,145,285
Total assets	14,187,995	3,396,625	1,360,917	3,282,330	22,227,867
LIABILITIES					
Current liabilities:					
Accounts payable	30,881	9,552	85,199	667,286	792,918
Accrued payroll	15,236	1,317	-	76	16,629
Accrued compensated absences	2,087	4,246	151	296	6,780
Due to other funds	9,706	5,662	381	8,069	23,818
Retainage payable	2,305	-	-	-	2,305
Claims payable	-	-	1,058,601	743,632	1,802,233
Intergovernmental payable	36,563	-	-	1,433	37,996
Unearned revenue	-	57,809	-	-	57,809
Total current liabilities	96,778	78,586	1,144,332	1,420,792	2,740,488
Noncurrent liabilities:					
Accrued compensated absences	56,859	85,710	2,222	4,698	149,489
Post-employment benefits	19,990	17,111	758	1,869	39,728
Total noncurrent liabilities	76,849	102,821	2,980	6,567	189,217
Total liabilities	173,627	181,407	1,147,312	1,427,359	2,929,705
NET POSITION					
Net investment in capital assets	6,665,569	479,716	-	-	7,145,285
Unrestricted	7,348,799	2,735,502	213,605	1,854,971	12,152,877
Total net position	$14,014,368	$ 3,215,218	$ 213,605	$ 1,854,971	$19,298,162

City of Ames
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2013

	Fleet Services	Information Technology	Risk Management	Health Insurance	Total Internal Service Funds
Operating revenues:					
Charges for services	$ 3,368,360	$ 2,250,451	$ 2,209,191	$ 6,597,197	$ 14,425,199
Operating expenses:					
Cost of goods and services	2,356,676	1,998,874	2,311,095	6,984,977	13,651,622
Depreciation	856,641	183,397	-	-	1,040,038
Total operating expenses	3,213,317	2,182,271	2,311,095	6,984,977	14,691,660
Operating income (loss)	155,043	68,180	(101,904)	(387,780)	(266,461)
Non-operating revenues (expenses):					
Investment income	(3,076)	(1,549)	576	(2,860)	(6,909)
Gain (loss) on disposal of capital assets	16,084	(2,966)	-	-	13,118
Total non-operating revenues (expenses)	13,008	(4,515)	576	(2,860)	6,209
Income (loss) before transfers	168,051	63,665	(101,328)	(390,640)	(260,252)
Transfers in	37,127	75,000	-	-	112,127
Change in net position	205,178	138,665	(101,328)	(390,640)	(148,125)
Net position, beginning	13,809,190	3,076,553	314,933	2,245,611	19,446,287
Net position, ending	$ 14,014,368	$ 3,215,218	$ 213,605	$ 1,854,971	$ 19,298,162

City of Ames
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2013

	Fleet Services	Information Technology	Risk Management	Health Insurance	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	$ 3,334,023	$ 2,230,442	$ 2,208,800	$ 6,597,197	$14,370,462
Payments to suppliers	(1,358,711)	(833,083)	(1,953,750)	(6,782,485)	(10,928,029)
Payments to employees	(763,401)	(935,423)	(108,643)	(157,029)	(1,964,496)
Payments to other funds for services provided	(257,106)	(259,608)	(6,508)	(18,483)	(541,705)
Net cash provided by (used for) operating activities	954,805	202,328	139,899	(360,800)	936,232
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers in	37,127	75,000	-	-	112,127
Net cash provided by (used for) non-capital financing activities	37,127	75,000	-	-	112,127
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(992,711)	(185,340)	-	-	(1,178,051)
Proceeds from the sale of capital assets	180,814	105	-	-	180,919
Net provided by (used for) capital and related financing activities	(811,897)	(185,235)	-	-	(997,132)
CASH FLOWS FROM INVESTING ACTIVITIES					
Reclassification of investments	(1,570,230)	(599,587)	(298,978)	(723,398)	(3,192,193)
Interest on investments	(2,617)	(958)	412	(1,383)	(4,546)
Net cash provided by (used for) investing activities	(1,572,847)	(600,545)	(298,566)	(724,781)	(3,196,739)
Net increase (decrease) in cash and cash equivalents	(1,392,812)	(508,452)	(158,667)	(1,085,581)	(3,145,512)
Cash and cash equivalents, beginning	6,926,699	2,621,550	1,216,093	3,635,017	14,399,359
Cash and cash equivalents, ending	$ 5,533,887	$ 2,113,098	$ 1,057,426	$ 2,549,436	$11,253,847

City of Ames
Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2013

	Fleet Services	Information Technology	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)	$ 155,043	$ 68,180	$ (101,904)	$ (387,780)	$ (266,461)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation expense	856,641	183,397	-	-	1,040,038
(Increase) decrease in accounts receivable	17,587	(20)	(391)	-	17,176
(Increase) decrease in due from other funds	(39,722)	(15,261)	-	-	(54,983)
(Increase) decrease in intergovernmental receivable	(12,202)	(10,338)	-	-	(22,540)
(Increase) decrease in inventories	(800)	-	-	-	(800)
(Increase) decrease in prepaid items	1,708	(2,884)	(287)	1,836	373
Increase (decrease) in accounts payable	(35,061)	(41,043)	(51,906)	(64,200)	(192,210)
Increase (decrease) in accrued payroll	3,212	(1,041)	-	76	2,247
Increase (decrease) in accrued compensated absences	(5,759)	5,412	(166)	(606)	(1,119)
Increase (decrease) in due to other funds	1,472	3,954	(155)	(9,586)	(4,315)
Increase (decrease) in retainage payable	2,305	-	-	-	2,305
Increase (decrease) in claims payable	-	-	294,426	97,332	391,758
Increase (decrease) in intergovernmental payable	2,948	-	-	1,433	4,381
Increase (decrease) in unearned revenue	-	5,610	-	-	5,610
Increase (decrease) in post-employment benefits	7,433	6,362	282	695	14,772
Total adjustments	799,762	134,148	241,803	26,980	1,202,693
Net cash provided by (used for) operating activities	$ 954,805	$ 202,328	$ 139,899	$ (360,800)	$ 936,232
Schedule of non-cash capital and related financing activities:					
Capital asset trade ins	$ 10,612	$ -	$ -	$ -	$ 10,612

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, 2013

	Payroll Clearing	Flex Benefits	Total
ASSETS			
Cash and cash equivalents	$ 238,100	$ 22,317	$ 260,417
Investments	67,561	-	67,561
Total assets	$ 305,661	$ 22,317	$ 327,978
LIABILITIES			
Accounts payable	$ -	$ 22,317	$ 22,317
Due to other governments	305,661	-	305,661
Total liabilities	$ 305,661	$ 22,317	$ 327,978

City of Ames
Combining Statement of Changes in Assets and Liabilities
Agency Funds
June 30, 2013

	Total Agency Funds			
	Balance 07/01/12	Additions	Deductions	Balance 06/30/13
ASSETS				
Cash and cash equivalents	$ 310,990	$25,783,902	$25,834,475	$ 260,417
Investments	-	67,561	-	67,561
Accounts receivable, net	-	1,310	1,310	-
Total assets	$ 310,990	$25,852,773	$25,835,785	$ 327,978
LIABILITIES				
Accounts payable	$ 21,441	$10,857,887	$10,857,011	$ 22,317
Due to other governments	289,549	15,595,083	15,578,971	305,661
Total liabilities	$ 310,990	$26,452,970	$26,435,982	$ 327,978

	Payroll Clearing Fund			
	Balance 07/01/12	Additions	Deductions	Balance 06/30/13
ASSETS				
Cash and cash equivalents	$ 296,775	$24,973,110	$25,031,785	$ 238,100
Investments	-	67,561	-	67,561
Accounts receivable, net	-	1,310	1,310	-
Total assets	$ 296,775	$25,041,981	$25,033,095	$ 305,661
LIABILITIES				
Accounts payable	$ 7,226	$10,053,164	$10,060,390	$ -
Due to other governments	289,549	15,595,083	15,578,971	305,661
Total liabilities	$ 296,775	$25,648,247	$25,639,361	$ 305,661

	Flexible Benefits Fund			
	Balance 07/01/12	Additions	Deductions	Balance 06/30/13
ASSETS				
Cash and cash equivalents	$ 14,215	$ 810,792	$ 802,690	$ 22,317
LIABILITIES				
Accounts payable	$ 14,215	$ 804,723	$ 796,621	$ 22,317

STATISTICAL SECTION

THE ARLINGTON HOTEL

Looking north up Douglas Avenue from the northwest corner of Onondaga in 1907. Tilden Grocery has people standing in front. O. K. Barbershop (5 chairs) with downstairs entrance is shown on left. Arlington Hotel (formerly West House) is in the center beyond Tilden's and the newspaper office

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 108

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 113

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

Debt Capacity 117

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 122

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 124

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	$ 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	$ 112,305,532
Restricted	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	12,081,140
Unrestricted	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	21,194,735
Total governmental activities	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	145,581,407
Business-type activities										
Net investment in capital assets	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	272,253,133
Restricted	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	1,001,294
Unrestricted	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	268,805,782
Total business-type activities	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	542,060,209
Primary government										
Net investment in capital assets	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	384,558,665
Restricted	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	13,082,434
Unrestricted	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	290,000,517
Total primary government	$ 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	$ 687,641,616

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General government	$ 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	$ 2,755,166
Public safety	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	15,589,369
Public works	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	15,352,458
Health and social services	917,209	909,454	951,645	982,108	1,034,327	1,159,050	1,151,848	1,250,292	1,159,849	1,005,458
Culture and recreation	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	9,082,953
Community and economic development	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	2,366,904
Capital projects	364,871	1,788,341	732,402	41,834	-	-	-	-	-	-
Interest	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	1,369,323
Total governmental activities	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	47,521,631
Business-type activities:										
Mary Greeley Medical Center	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	160,369,431
Electric	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	52,411,173
Sewer	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	9,122,173
Water	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	6,856,515
Transit	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	10,629,183
Storm sewer	385,303	375,498	473,286	474,425	458,119	1,080,705	782,489	917,771	918,495	655,522
Parking lot	799,523	808,289	777,261	828,138	856,518	766,381	819,988	805,253	767,154	846,825
Resource recovery	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	4,375,362
Ice arena	471,392	460,759	469,884	432,532	480,418	511,334	565,303	526,660	521,670	606,215
Golf course	205,478	202,407	226,069	224,749	217,964	218,708	218,021	230,698	232,689	211,279
Total business-type activities	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	246,083,678
Total expenses	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	293,605,309
Program Revenues										
Governmental activities:										
Charges for services:										
General government	1,480,807	1,131,802	717,309	816,844	837,787	1,367,765	1,308,062	1,404,478	118,459	130,627
Public safety	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	3,194,059
Public works	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	6,026,315
Culture and recreation	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	1,980,793
Other activities	17,707	49,490	41,488	217,915	197,556	73,674	34,005	24,163	7,630	11,140
Operating grants and contributions	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	1,192,687
Capital grants and contributions	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	3,211,001
Total governmental activities	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	15,746,622

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Business-type activities:										
Charges for services										
Mary Greeley Medical Center	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	175,011,409
Electric	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	57,353,200
Sewer	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	6,648,263
Water	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	9,125,922
Transit	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	5,108,154
Storm sewer	415,082	433,885	647,138	676,692	828,644	878,597	984,077	957,122	1,155,583	1,136,621
Parking lot	835,781	715,634	776,341	685,500	860,255	792,023	762,746	872,625	779,976	883,899
Resource recovery	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	3,731,936
Ice arena	398,281	379,783	373,698	389,163	417,715	444,671	433,628	472,015	475,743	471,760
Golf course	208,336	214,051	212,116	198,124	215,923	234,701	246,357	220,388	235,824	220,643
Operating grants and contributions	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	2,723,226
Capital grants and contributions	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	8,604,246
Total business-type activities	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	271,019,279
Total program revenues	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	286,765,901
Net (expense) / revenue										
Governmental activities	(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)	(31,775,009)
Business-type activities	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	24,935,601
Total net (expense) / revenue	(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	(6,839,408)
General revenues										
Governmental activities:										
Taxes										
Property taxes	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	23,913,389
Sales taxes	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	6,655,355
Hotel / motel taxes	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	1,760,462
Unrestricted grants and contributions	48,413	31,045	14,945	15,573	20,676	15,842	15,842	15,990	17,040	17,726
Investment income	489,786	828,277	1,404,140	2,074,008	2,058,452	1,508,776	673,003	499,004	436,302	18,067
Other income	308,156	703	-	-	-	-	-	-	314,699	120,071
Gain (loss) on disposal of assets	-	-	-	-	-	-	-	-	127,182	16,084
Transfers	225,888	83,144	35,964	231,849	292,383	307,267	351,946	(228,423)	(223,314)	12,751
Total governmental activities	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	32,513,905
Business-type activities:										
Investment income	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	13,003,757
Other income	-	-	-	-	-	-	-	-	-	40,761
Gain (loss) on disposal of assets	(246,848)	199,929	-	119,501	2,814	1,311	1,151	18,421	5,164,193	35,091
Special item	-	-	-	-	-	-	-	9,382,844	-	-
Transfers	(225,888)	(83,144)	(35,964)	(231,849)	(292,383)	(307,267)	(351,946)	228,423	223,314	(12,751)
Total business-type activities	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	13,066,858
Total primary government	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	45,580,763
Change in net position										
Governmental activities	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	738,896
Business-type activities	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	38,002,459
Total change in net position	$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	$38,741,355

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General fund										
Reserved	$ 119,344	$ 189,955	$ 173,039	$ 256,946	$ 276,068	$ 190,599	$ -	$ -	$ -	$ -
Unreserved	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	73,623
Assigned	-	-	-	-	-	-	74,962	124,097	147,752	382,930
Unassigned	-	-	-	-	-	-	7,248,755	7,751,289	7,924,363	7,902,465
Total general fund	$ 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	$ 8,359,018
All other governmental funds										
Reserved	$ 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	8,360,430	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	2,019,699
Restricted	-	-	-	-	-	-	17,214,109	16,940,269	24,621,403	47,672,976
Committed	-	-	-	-	-	-	6,239,090	5,577,769	1,399,913	1,547,185
Assigned	-	-	-	-	-	-	678,764	1,259,956	316,669	-
Unassigned	-	-	-	-	-	-	-	(470,818)	(308,456)	(669,214)
Total all other governmental funds	$ 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	$ 50,570,646

Note: GASB Statement 54 was implemented in 2010. Prior to 2010, fund balance information in the GASB 54 format is not readily available.

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
REVENUES										
Taxes	$ 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	$ 32,319,668
Special assessments	309,133	253,868	321,523	139,570	117,218	136,817	301,709	238,106	217,885	306,761
Licenses and permits	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	1,707,463
Intergovernmental	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	9,084,528
Charges for services	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	3,298,578
Fines and forfeitures	149,005	165,243	180,453	191,626	186,848	214,672	180,059	196,748	214,641	111,014
Investment income	667,644	884,551	1,360,294	1,725,443	1,824,426	1,345,607	664,464	635,176	320,693	70,115
Miscellaneous	1,294,378	853,681	426,886	421,027	3,365,417	875,643	412,881	476,659	3,027,255	1,219,633
Total revenues	36,131,904	37,795,442	38,935,318	41,991,382	45,378,664	44,491,888	46,860,682	48,418,610	50,153,765	48,117,760
EXPENDITURES										
Current:										
General government	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	2,906,491
Public safety	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	15,287,766
Public works	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	5,388,832
Health and social services	918,839	909,947	953,620	982,063	1,033,776	1,159,726	1,156,893	1,252,377	1,159,849	1,005,458
Culture and recreation	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	7,088,894
Community and economic development	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	2,363,783
Debt service:										
Principal	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	9,713,723
Interest and fiscal charges	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	1,440,738
Capital outlay	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	13,972,053
Total expenditures	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	59,167,738
Excess (deficiency) of revenues over (under) expenditures	(5,843,484)	(5,096,867)	(4,063,960)	(658,341)	(4,000,302)	(10,697,353)	(7,307,152)	(6,065,737)	(3,642,840)	(11,049,978)
OTHER FINANCING SOURCES (USES)										
Transfers in	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	8,695,389
Transfers out	(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)	(8,794,765)
Capital transfers out	-	-	(162,957)	-	-	-	-	-	-	-
General obligation bonds issued	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	30,455,000
Premium on general obligation bonds	42,916	60,193	33,665	73,086	69,583	85,108	247,038	197,459	12,885	1,302,774
Refunding bonds issued	-	-	-	-	-	6,995,000	-	5,980,000	-	2,090,000
Premiums on refunding bonds	-	-	-	-	-	210,985	-	-	-	57,213
Payment to refunded bond escrow	-	-	-	-	-	(7,150,000)	-	(7,250,000)	-	-
Total other financing sources (uses)	6,747,162	6,200,097	5,402,368	5,620,455	9,412,102	6,271,677	11,763,984	5,758,492	6,536,890	33,805,611
Net change in fund balances	$ 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	$ 22,755,633
Debt service as a percentage of noncapital expenditures	23.4%	22.2%	26.5%	20.8%	19.8%	19.5%	19.6%	15.9%	19.2%	23.0%

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	Less: Military Tax Exemption	Total Taxable Value	Total Direct Tax Rate	Estimated Actual Assessed Value	Taxable Value as a Percentage of Estimated Actual Assessed Value
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%
2013	1,274,315,462	817,189,995	132,577,960	18,490,587	2,727,070	2,239,846,934	10.7213	3,485,543,532	64.26%

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
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
2013	5.83418	0.65737	0.70627	3.52343	10.72125	14.47262	6.58192	0.58466	32.36045

[1] Overlapping rates are those of local and county governments that may apply to property owners within the City of Ames. Not all overlapping rates apply to all Ames property taxpayers.
[2] State law limits the maximum tax rate for the general fund to $8.10 per thousand dollars of assessed valuation.
[3] City Council sets the rate.
[4] School district board of education sets the rate.
[5] Story County board of supervisors, the county and city's assessors board, county agricultural extension board, and county hospital board set the rate.
[6] Area community college sets the rate.

Source: Story County Auditor

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

	2013			2004		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Assessed Value**
Campus Investors IS, LLC	$ 48,098,010	1	2.15%			
Barilla America, Inc.	36,199,000	2	1.62%	$ 24,732,600	2	1.44%
Jensen Development Corporation	33,076,100	3	1.48%			
Iowa State University Research	30,786,100	4	1.37%	10,399,020	6	0.61%
Campus Crest at Ames, LLC	28,168,375	5	1.26%			
University West Property	27,617,600	6	1.23%			
Haverkamp Properties, Inc.	25,828,300	7	1.15%			
North Grand Mall Partners, LLC	24,535,400	8	1.10%	26,374,000	1	1.54%
Clinic Building Co., Inc.	22,055,300	9	0.98%	15,981,000	3	0.93%
Wessex, LLC	21,078,800	10	0.94%			
SUH Iowa State, LLC				13,670,000	4	0.80%
Midwest Centers				11,930,000	5	0.70%
MHE Assoc., LLC/KAE Ames, LLC				8,653,000	7	0.51%
IES Utilities, Inc.				8,361,176	8	0.49%
SUSA Holding of Story County, Inc.				8,180,000	9	0.48%
FHS Ames 1, LP				8,054,000	10	0.47%
	$ 297,442,985		13.28%	$ 136,334,796		7.97%

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
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%	5,943	23,217,340	98.73%
2013	24,018,714	23,574,257	98.15%	-	23,574,257	98.15%

Sources: Story County Auditor and City 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
2004	$38,032,603	$ 3,106,577	$33,637,655	$ 1,575,450	$ -	$76,352,285	7.77%	52,037	1,467
2005	38,792,473	2,483,467	30,431,556	907,121	-	72,614,617	7.32%	52,554	1,382
2006	37,012,177	1,903,542	27,109,533	283,825	-	66,309,077	5.56%	52,599	1,261
2007	36,599,694	1,326,941	23,717,255	27,865	-	61,671,755	5.04%	54,012	1,142
2008	40,083,868	1,355,644	22,582,909	-	-	64,022,421	5.08%	55,599	1,152
2009	39,883,464	3,329,193	21,516,866	3,197,834	-	67,927,357	5.17%	56,510	1,202
2010	44,714,741	2,673,753	20,421,954	5,813,116	726,804	74,350,368	5.65%	56,657	1,312
2011	44,448,603	2,442,080	19,077,870	4,395,970	683,896	71,048,419	5.56%	58,965	1,205
2012	43,633,557	2,203,850	83,391,700	2,933,922	535,182	132,698,211	9.63%	58,965	2,250
2013	67,647,632	4,660,760	89,571,199	1,611,285	4,167,950	167,658,826	11.76%	58,965	2,843

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

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

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]
2004	$41,139,180	$ 1,715,319	$39,423,861	1.62%	758
2005	41,275,940	1,439,613	39,836,327	1.52%	758
2006	38,915,719	1,275,590	37,640,129	1.37%	716
2007	37,926,635	1,107,194	36,819,441	1.23%	682
2008	41,439,512	1,423,410	40,016,102	1.28%	720
2009	43,212,657	1,990,754	41,221,903	1.28%	729
2010	47,388,494	2,467,664	44,920,830	1.35%	793
2011	46,890,683	1,942,412	44,948,271	1.31%	762
2012	45,837,407	1,658,922	44,178,485	1.28%	749
2013	72,308,392	1,260,206	71,048,186	2.04%	1,205

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

Note: Prior year general obligation bond amounts were restated to include deferred charges.

City of Ames
Direct and Overlapping Governmental Activities Debt
As of June 30, 2013

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Amount Applicable to Primary Government
Debt repaid with property taxes:			
Ames Community School District	$25,595,000	97.99%	$ 25,080,541
Gilbert Community School District	22,001,490	49.03%	10,787,331
Des Moines Area Community College (1)	66,390,000	6.04%	4,009,956
Nevada Community School District	8,885,000	0.12%	10,662
Story County	8,548,636	60.18%	5,144,569
Other debt:			
Ames Community School District revenue bonds	2,687,679	97.99%	2,633,657
Gilbert Community School District revenue bonds	8,900,000	49.03%	4,363,670
Des Moines Area Community College revenue bonds	3,385,000	6.04%	204,454
Des Moines Area Community College capital leases	67,355	6.04%	4,068
Nevada Community School District revenue bonds	10,465,000	0.12%	12,558
Subtotal, overlapping debt			52,251,466
City direct debt			67,647,632
Total direct and overlapping debt			$ 119,899,098

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, 2013

Legal debt margin for the fiscal year ended June 30, 2013:

Assessed value	$ 3,485,543,532
Debt limit (5% of actual value)	$ 174,277,177
Debt applicable to limit:	
General obligation bonds	70,385,000
Legal debt margin	$ 103,892,177
Percentage of net debt margin available	59.61%
Percentage of net debt margin exhausted	40.39%

Year	Debt Limit	Outstanding Debt	Percentage of Net Debt Margin Available
2013	$ 174,277,177	$ 70,385,000	59.61%
2012	172,669,198	45,240,000	73.80%
2011	171,580,029	46,185,000	73.08%
2010	166,392,635	46,735,000	71.91%
2009	161,231,483	42,700,000	73.52%
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%

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 [1] Principal	Debt Service [1] Interest	Coverage
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
2013	188,066,236	145,546,625	42,519,611	1,915,000	3,682,094	7.60

Electric Revenue Bond

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
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	-	-	-	-	-	-
2013	-	-	-	-	-	-

Sewer Capital Loan Note

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service [2] Principal	Debt Service [2] Interest	Coverage
2004	$ -	$ -	$ -	$ -	$ -	-
2005	-	-	-	-	-	-
2006	-	-	-	-	-	-
2007	-	-	-	-	-	-
2008	-	-	-	-	-	-
2008	-	-	-	-	-	-
2009	-	-	-	-	-	-
2010	-	-	-	-	-	-
2011	-	-	-	-	-	-
2012	-	-	-	-	-	-
2013	6,643,819	7,083,679	(439,860)	-	3,019	(145.70)

[1] Debt service payments for 2013 do not include payments to refund the 2003 revenue bonds.

[2] 2013 was the year of issuance. Accordingly no principal payments were scheduled. Further, there was not any debt outstanding in the previous nine years that was secured by pledged revenues.

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]
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%
2012	58,965	24,171	1,425,243,015	4,229	3.9%

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

City of Ames
Principal Employers
Current Year

	2013[1]		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment**
Iowa State University	15,211	1	31.76%
Mary Greeley Medical Center	1,376	2	2.87%
City of Ames	1,161	3	2.42%
Iowa Department of Transportation	962	4	2.01%
McFarland Clinic, P.C.	925	5	1.93%
Hy-Vee Food Stores	725	6	1.51%
Danfoss[2]	650	7	1.36%
Ames Community School District	650	8	1.36%
Wal-Mart	435	9	0.91%
Ames Laboratories	432	10	0.90%
Total			47.03%

[1] Comparative data for nine years ago is not available.
[2] Formerly Sauer-Danfoss.

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

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

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government:										
Management services	22.75	22.50	22.25	22.25	22.25	22.50	23.50	22.50	22.50	23.25
Finance	41.25	38.75	38.75	38.75	39.75	40.75	40.75	40.75	40.75	40.75
Planning and housing	9.75	8.75	8.75	10.50	10.50	10.50	10.50	10.50	8.00	8.00
Fleet services/facilities	8.50	8.50	8.50	8.50	8.50	9.50	9.50	9.50	9.50	9.50
Transit	74.45	74.45	73.70	73.70	73.70	75.70	75.70	75.95	75.95	75.95
Fire/inspections	63.00	63.00	63.00	63.00	65.00	68.00	68.00	68.00	68.50	68.50
Police/animal control/parking	73.40	73.40	72.40	74.40	74.40	74.65	74.65	77.65	77.65	77.65
Library	30.25	30.25	30.25	30.50	31.00	31.00	31.00	31.00	31.50	31.50
Parks and recreation	22.75	22.00	22.00	22.00	20.50	20.50	20.50	20.50	19.50	19.50
Waste water treatment	22.25	22.25	22.25	22.25	22.50	22.50	22.50	22.50	22.50	22.50
Water	18.75	18.75	18.75	18.75	19.00	19.00	19.00	19.00	19.00	19.00
Electric	79.00	79.00	79.00	79.00	81.00	81.00	81.00	81.00	81.00	81.00
Public works:										
Administration	3.75	3.25	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Engineering	12.00	12.00	12.00	12.00	13.00	13.00	13.00	13.00	14.00	14.00
Resource recovery	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
Streets	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00
Utility maintenance	11.00	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	13.00	13.00	13.00	13.00	13.00	13.00
Hospital	930.97	960.34	987.33	1,019.33	1,055.70	1,088.50	1,044.00	1,055.00	1,064.00	1,092.00
Total	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	1,644.10

Source: City Finance Department

City of Ames
Operating Indicators by Function
Last Ten Fiscal Years

Function/Program	Fiscal Year 2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government:										
Number of licenses/permits processed[1]	1,206	1,048	1,008	877	1,003	650	537	512	462	539
Subdivision requests	33	16	16	14	14	15	13	13	7	18
Police:										
Physical arrests	1,270	1,201	1,051	1,340	1,468	1,599	1,417	1,415	1,395	1,463
Parking violations	61,858	51,126	53,367	56,566	57,931	54,754	46,354	52,147	48,947	44,100
Traffic violations	2,438	3,000	3,809	3,820	3,012	2,724	3,080	2,953	4,068	3,204
Fire:										
Number of fires	148	142	148	169	165	162	148	175	188	137
Number of ambulance assists	1,072	1,197	1,436	1,711	1,877	1,927	2,099	2,211	2,178	2,325
Inspections	818	1,016	1,007	974	1,018	632	731	1,011	829	1,058
Library:										
Total circulation	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	1,222,547
Library visits	457,441	471,164	450,000	459,000	462,967	424,504	435,572	416,908	443,895	323,859
Parks and recreation:										
Total number of participant visits[2]	119,287	118,456	114,297	117,790	145,760	138,840	155,880	201,344	216,930	191,820
Total number of activities	135	135	137	136	123	123	125	127	127	127
Resource recovery:										
Tons of refuse processed	48,272	51,840	54,497	50,792	52,482	50,057	50,614	56,789	53,731	48,244
Tipping fee per ton	53.85	52.75	52.75	52.75	52.75	52.75	52.75	52.75	52.75	52.75
Other public works:										
Blocks of streets crack sealed	160	176	142	124	108	51	45	65	110	92
Blocks of streets slurry sealed	68	73	-	-	46	-	-	-	-	-
Blocks of seal coat reconstruction	7	8	9	-	12	14	17	8	6	7
Hospital:										
Total admissions	9,279	10,178	9,970	10,113	10,002	9,748	9,292	9,918	9,617	8,768
Average percent of occupancy	53.0%	55.6%	54.3%	56.9%	57.9%	62.1%	59.6%	57.1%	56.3%	54.1%
Electric:										
Kilowatt hours produced at plant	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	318,394,938
Meters in service	21,170	22,375	22,906	23,827	23,946	24,237	24,290	24,436	24,844	25,141
Transit:										
Passengers	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	5,892,786
Total miles driven	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	1,384,270
Water:										
Billion gallons per year pumped	2.186	2.137	2.311	2.440	2.330	2.029	1.961	2.074	2.151	2.082
Utility locates performed	5,747	6,081	5,779	5,500	5,502	5,650	5,417	6,471	6,466	6,247
Water main breaks[3]	68	27	21	51	44	29	23	37	18	42
Wastewater:										
Billion gallons per year treated	2.136	1.997	1.887	2.475	2.507	2.438	2.385	2.501	1.906	2.093

[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 2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	7	7	7	8	8	9	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	34	34	36	36	36	36	37
Total number of park acres	1,196	1,196	1,196	1,199	1,199	1,213	1,213	1,213	1,213	1,224
Total number of athletic fields	19	18	18	18	18	18	18	18	18	18
Other public works:										
Miles of streets[1]	240	244	241	244	246	250	254	260	272	288
Number of traffic signals	60	60	59	59	59	63	70	70	70	70
Number of signs	8,881	9,325	9,267	9,291	9,274	9,441	9,575	9,759	9,852	9,486
Hospital:										
Beds in operation	198	198	198	199	199	199	199	199	199	199
Transit:										
Buses owned	69	69	61	63	66	70	72	79	84	89
New buses purchased	3	-	4	4	-	4	14	7	7	9
Water:										
Miles of water mains	223	230	233	243	235	236	240	241	241	241
Fire hydrants	2,250	2,374	2,406	2,451	2,577	2,586	2,619	2,650	2,648	2,663
Wells	22	22	22	25	28	28	28	28	28	28
Wastewater:										
Sanitary sewer miles	189	192	196	195	201	199	200	201	202	202
Storm sewer miles	201	220	240	231	249	257	257	261	263	265

[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 BACHELOR MAIDS CLUB

This Club was a group of popular young women in Ames who enjoyed many get-togethers. On July 30, 1903, these nine young Ames women spent the day on a trail in Manitou, Colorado. From left are Jeannette Bartholomew, Inis Hunter (Grove), Hattie Brouhard, Grace Schleiter, Mame (Mary) Tilden (Brown), Katherine Steward, Jessie (Jessica) Cole (Augustine), and Win (Winifred) Tilden. The man at the far right is the trail guide and the woman to his right is Nellie Cole. These young women were vacationing in various parts of Colorado and had arranged on this meeting in Manitou.

EideBailly

CPAs & BUSINESS ADVISORS

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ames, Iowa (City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 19, 2013. 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

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not yet been identified.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2013, 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 IV of the accompanying Schedule of Findings and Questioned Costs. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Dubuque, Iowa
December 19, 2013

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited the city of Ames, Iowa's (City), compliance with the types of compliance requirements described in the *OMB 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 30,2013. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility
Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility
Our responsibility is to express an opinion on the compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program
In our opinion, the city complied, in all material respects, with the 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, 2013.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Dubuque, Iowa
December 19, 2013

City of Ames
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

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-12-MC-19-0010	$ 544,335
ARRA-Community Development Block Grant ARRA Entitlements (CDBG-R) (Recovery Act Funded)	14.253	B-09-MY-19-0010	14,129
Total Community Development Block Grant Programs			558,464
Total U.S. Department of Housing and Urban Development			558,464
U.S. Department of Justice:			
Direct Program:			
Bulletproof Vest Partnership Program	16.607		1,812
Edward Byrne Memorial Justice Grant Program Cluster:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-DJ-BX-0795	9,255
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2010-DJ-BX-1109	5,358
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJ-BX-3088	10,602
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012-DJ-BX-0271	17,497
ARRA Edward Byrne Memorial Justice Assistance Grant Program / Grants to Units of Local Government	16.804	2009-SB-B9-1623	59,173
Total Edward Byrne Memorial Justice Grant Programs			101,885
Total U.S. Department of Justice			103,697
U.S. Department of Transportation:			
Direct Program:			
Airport Improvement Program	20.106	3-19-0004-19-2010	2,394
Airport Improvement Program	20.106	3-19-0004-20-2011	303,108
			305,502
Pass-through Program from Iowa Department of Transportation:			
Highway Planning and Construction	20.205	13MPO-AAMPO	83,268
Highway Planning and Construction	20.205	STP-ES-0155(659)--8I-85	346,443
Highway Planning and Construction	20.205	HDP-0155(675)--71-85	6,800
Highway Planning and Construction	20.205	STP-U-0155(676)--70-85	745,766
Highway Planning and Construction	20.205	STP-E-0155(678)--8V-85	86,000
			1,268,277
Direct Program:			
Federal Transit Program Cluster:			
Federal Transit-Capital Investment Grants	20.500	IA-04-0111-00	488,814
Federal Transit-Capital Investment Grants	20.500	IA-04-0120-00	1,244,621
Federal Transit-Capital Investment Grants	20.500	IA-04-0121-00	1,769,779
Federal Transit-Capital Investment Grants	20.500	IA-04-0117-015-12	158,400
Federal Transit-Formula Grants	20.507	IA-90-X378-00	1,540,702
			5,202,316
Pass-through Program from Iowa Department of Transportation:			
Federal Transit - Capital Investment Grants	20.500	IA-04-0129-015-13	438,800
Total Federal Transit Programs Cluster			5,641,116
Metropolitan Transportation Planning	20.505	13MPO-AAMPO	11,000
Formula Grants for Other Than Urbanized Areas	20.509	18-702X-015-13	8,851

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, 2013

Federal Transit Program Cluster:			
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	16-X002-015-12	104,099
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	16-X001-015-13	21,018
Job Access-Reverse Commute	20.516	37-X022-015-12	3,680
Job Access-Reverse Commute	20.516	37-X022-015-13	54,566
Total Federal Transit Programs Cluster			183,363
Direct Program:			
Alternatives Analysis	20.522	IA-39-0001-00	40,994
Pass-through Program from Iowa Department of Public Safety:			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	PAP 12-410, Task 02	9,518
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	PAP 13-410, Task 01	25,172
			34,690
Direct Program:			
ARRA-Surface Transportation-Discretionary Grants for Capital Investments	20.932	IA-78-0001-00	617,799
Total U.S. Department of Transportation			8,111,592
U.S. Environmental Protection Agency:			
Pass-through Program from Iowa Finance Authority:			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	D0231P	1,746,555
Total U.S. Environmental Protection Agency			1,746,555
U.S. Department of Energy:			
Pass-through Program from Iowa Economic Development Authority			
ARRA - State Energy Program	81.041	SEP 11-45093	49,865
Total U.S. Department of Energy			49,865
U.S. Department of Health and Human Services:			
Pass-through Program from Iowa Department of Public Health:			
Immunization Cooperative Agreements	93.268	5882I471	2,304
Immunization Cooperative Agreements	93.268	5883I471	7,288
			9,592
Prevention and Public Health Fund Affordable Care Act - Immunization Program	93.539	5883I471	3,469
National Bioterrorism Hospital Preparedness Program	93.889	5883BHP13	25,081
Total U.S. Department of Health and Human Services			38,142
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	476,653
Emergency Operations Center	97.052	2010-EO-MX-0007	230,039
Total U.S. Department of Homeland Security			706,692
Total Expenditures of Federal Awards			$ 11,315,007

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, 2013

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 I 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	Unmodified
Internal control over financial reporting:	
Material weakness identified	No
Significant deficiency not considered to be a material weakness	None reported
Noncompliance material to financial statements noted	No
Federal Awards	
Internal control over major programs:	
Material weakness identified	No
Significant deficiency not considered to be a material weakness	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
Cluster: 16.738	Edward Byrne Memorial Justice Assistance Grant Program
16.804	Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units Of Local Government (ARRA)
20.205	Highway Planning and Construction (Federal – Aid Highway Program)
20.932	Surface Transportation- Discretionary Grants for Capital Investment
66.468	Capitalization Grants for Drinking Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs	$339,450
Auditee qualified as low-risk auditee	Yes

Part II: Findings Related to the Financial Statements:

There were no findings related to the financial statements to report.

Part III: Findings and Questioned Costs for Federal Awards:

There were no federal findings and questioned cost to report.

Part IV: Other Findings Related to Required Statutory Reporting:

2013-IA-A **Certified Budget** – Disbursements during the year ended June 30, 2013, did not exceed the amount budgeted.

2013-IA-B **Questionable Expenditures** – We noted no expenditures that we believe may fail to meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

2013-IA-C **Travel Expense** – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

2013-IA-D **Business Transactions** – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Mike Wheelock, Utility Accounts Supervisor, wife is part owner of Heartland Pet Hospital	Veterinary Services	$ 30
Karen Stephan, Account Clerk Husband is owner of Scott's Heating, Cooling & Plumbing	A/C rebate	200
Joanne Van Dyke, Cyride Employee, Husband is owner of ICS Advanced Technologies	Technology contract	4,200
Justin Kepley, Public Works Father is owner of Dave's Auto & Truck Service, Inc.	Service & Towing	4,361

In accordance with Chapter 362.5(10) of the Code of Iowa, the transactions with Mike Wheelock and Karen Stephan 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 Dave's Auto & Truck Service, Inc. 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 IV: Other Findings Related to Required Statutory Reporting: (continued)

2013-IA-E **Bond Coverage** – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.

2013-IA-F **Council Minutes** – No transactions were found that we believe should have been approved in the Council minutes but were not.

2013-IA-G **Deposits and Investments** – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.

2013-IA-H **Urban Renewal Annual Report** – The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1.

2013-IA-I **Revenue Bonds** – No instances of noncompliance with the provisions of the City's revenue bond resolutions were noted.