

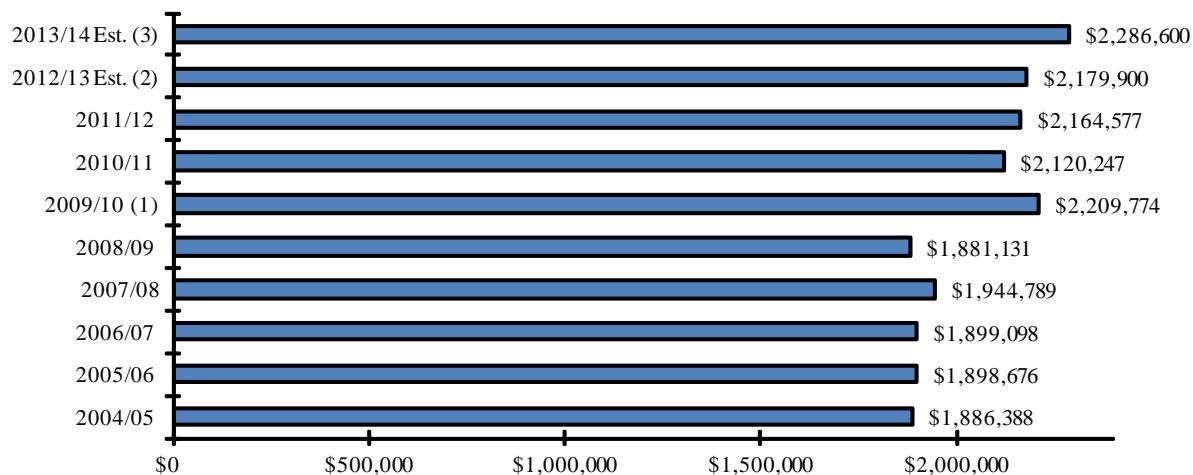
SPECIAL REVENUE FUNDS

ROAD USE TAX FUND

GENERAL INFORMATION:

This fund accounts for all revenues received from the State of Iowa from gasoline taxes, license fees and weight taxes. These funds are returned to the City as road use taxes and are distributed to cities on a per capita formula basis. The following chart shows road use taxes received over the past eight (8) years and estimated amounts for the current year and 2013/2014. As noted in the table, the 2009/2010 amount reflects an accounting change which involved accruing two months of road use tax funds at the end of the fiscal year as recommended by the City's auditors. As such, the 2009/2010 amount reflects thirteen (13) months of road use tax receipts. Subsequent years reflect twelve months of receipts.

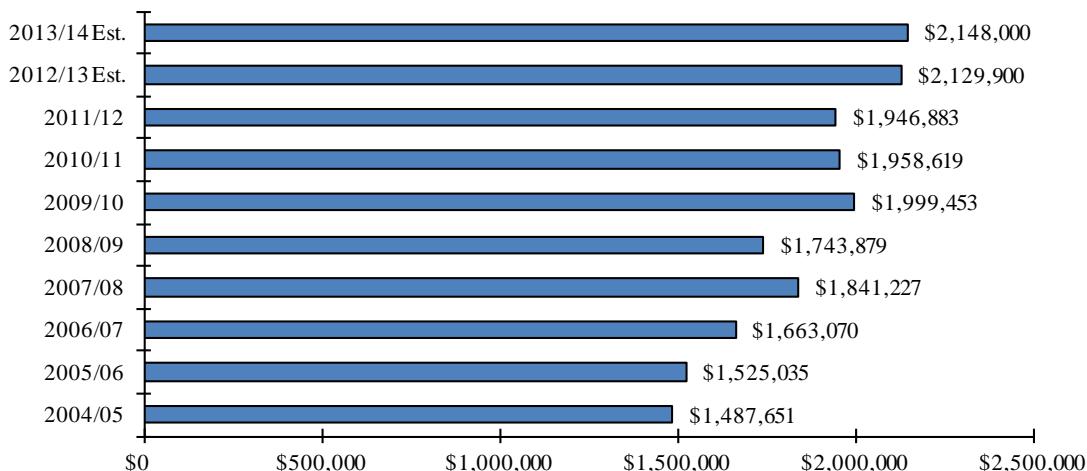
Road Use Tax Revenue History



1. The 2009/2010 amount reflects an accounting change which involved accruing two months of road use tax receipts at the end of the fiscal year as recommended by the City's auditors. As such, the 2009/2010 amount reflects 13 months of Road Use Tax receipts. Subsequent years again reflect twelve months of receipts.
2. The 2012/2013 revised estimate includes increased Road Use Taxes from two voluntary annexations. The Heatherlynn/Irish Ivy annexation added 68 and the Ripley's annexation added 865 to the U.S. 2010 Census population of 22,886. The increased population from the Heatherlynn/Irish Ivy area was used in the Road Use Tax computation for all of fiscal year 2012/2013 and the added Ripley's population will be used for the Road Use Tax distribution starting in February, 2013.
3. The 2013/2014 Road Use Tax estimate was based on a full year of the increased population with the two recent annexations.

A major use of road use taxes is an appropriation to the General Fund to support the Public Works Administration, Engineering, Roadway Maintenance, Traffic Control, Snow and Ice Control, Street Cleaning and Right-of-Way Mowing activities. The appropriations to the General Fund over the past eight (8) years and amounts estimated for 2012/2013 and 2013/2014 are shown in the following chart:

Road Use Tax Funding of General Fund Activities



CURRENT TRENDS AND ISSUES:

Road use tax revenues are estimated at \$2,179,900 in 2012/2013. This is based on the current Iowa Department of Transportation (IDOT) estimate of \$94.00 per capita, which has been reduced by \$.50 to \$93.50 for a conservative budget estimate. This estimate includes approximately \$40,000 from the increased population from the two recent voluntary annexations (Heatherlynn/Irish Ivy and Ripley's). Beginning January 1, 2009 road use taxes were increased compared to previous years due to the impact of the TIME-21 Act by the State of Iowa which increased the allocation to cities beginning on that date. Due to recent economic conditions, however, road use taxes have decreased and the TIME-21 funding has helped to maintain the previous level of road use tax funding. Also, the per capita estimate is based on the current law regarding revenue to and disbursements from the State's Road Use Tax fund. Any changes in the law could change the per capita amount to be distributed to cities.

The road use tax distribution for 2013/2014 was estimated by the IDOT at \$96.50 per capita. Cities, however, have been cautioned that actual revenues may not reach the IDOT projected level. The 2013/2014 budget includes a more conservative estimate of \$96.00 per capita which would generate \$2,286,600. This estimate is approximately \$89,500 higher than it would have been without the added population from the two recent voluntary annexations.

The 2012/2013 revised estimate and the 2013/2014 budget include \$2,129,900 and \$2,148,000, respectively, to fund General Fund street-related costs. These transfers will fund the total costs (net of related revenues) for the street activities of the General Fund previously listed.

In most recent years there has not been sufficient road use tax revenue to fund street-related capital projects from this fund and the City has been funding those costs from the 20% portion of Local Option Taxes approved to be used for the pavement management program. This includes railroad crossing, curb and gutter, full depth patching, and street resurfacing work. For 2011/2012 and 2012/2013, however, road use tax funds totaling approximately \$590,500 were used to complete the Harrison Street Extension project.

The estimated fund balance on June 30, 2014 is projected at \$571,343 based on estimated road use taxes of \$93.50 per capita for 2012/2013 and \$96.00 per capita for 2013/2014. With the accounting change in accruing two months of road use tax receipts at fiscal year end, a minimum of \$360,000 in fund balance is needed in order to keep the actual cash balance in a positive position at year end. As noted above, if road use tax receipts are less than the budget estimates or operating expenditures significantly higher than projected, street-related expenditures may need to be reduced in a like amount. Based on the budget estimates, however, it appears that the fund balance will be approximately \$211,000 higher than the minimum balance needed in this fund. If needed, these funds could be used to assist in financing the local share of the costs of the Cedar Street and/or Colorado Street improvement projects. Bids on these two projects are scheduled to be received in the summer of 2013.

Road Use Tax Fund

Fund Statement

	<u>Actual</u> <u>2010/2011</u>	<u>Actual</u> <u>2011/2012</u>	<u>Budget</u> <u>2012/2013</u>	<u>Revised</u> <u>Estimate</u> <u>2012/2013</u>	<u>Budget</u> <u>2013/2014</u>
Beginning Balance, July 1	\$ 593,898	\$ 755,526	\$ 799,326	\$ 840,143	\$ 432,743
Revenues					
Road Use Tax	\$ 2,120,247	\$ 2,164,577	\$ 2,139,800	\$ 2,179,900	(1) \$ 2,286,600 (2)
IJOBS Funding	<u>120,620</u> (3)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$ 2,240,867</u>	<u>\$ 2,164,577</u>	<u>2,139,800</u>	<u>\$ 2,179,900</u>	<u>2,286,600</u>
Funds Available	<u>\$ 2,834,765</u>	<u>\$ 2,920,103</u>	<u>\$ 2,939,126</u>	<u>\$ 3,020,043</u>	<u>\$ 2,719,343</u>
Expenditures					
Transfers Out:					
General Fund	\$ 1,958,619	\$ 1,946,883	\$ 2,065,200	\$ 2,129,900	\$ 2,148,000
Bidwell Improvements (IJOBS)	<u>120,620</u> (3)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Harrison Street	<u>0</u>	<u>133,077</u>	<u>432,000</u>	<u>457,400</u>	<u>0</u>
Total Expenditures	<u>\$ 2,079,239</u>	<u>\$ 2,079,960</u>	<u>\$ 2,497,200</u>	<u>\$ 2,587,300</u>	<u>\$ 2,148,000</u>
Ending Balance, June 30	<u>\$ 755,526</u>	<u>\$ 840,143</u>	<u>\$ 441,926</u>	<u>\$ 432,743</u>	<u>\$ 571,343</u>
Increase (Decrease) in Fund Balance	\$ 161,628	\$ 84,617	\$ (357,400)	\$ (407,400)	\$ 138,600

Per Capita Road Use Taxes (Actual and Estimated) \$ 93.42 \$ 94.58 \$ 93.50 \$ 93.50 \$ 96.00

1. Revenues for both the Revised Estimate and 2013/2014 are based on the IDOT estimate for road use taxes. Actual revenues can vary from these estimates due to changes in fuel consumption or if there would be any changes in the distribution formula by the State. If there are significant funding reductions, expenditures will need to be reduced in a like amount. The Revised Estimate population varied during the year. The population for the first seven months of the year was 22,954 (2010 census of 22,886 plus 68 with the annexation of Heatherlynn and Irish Ivy). The population for the last five months of the year increased by 865 to 23,819 with the annexation of the Ripley's area.
2. The 2013/2014 Road Use Tax estimate is based on a full year of 23,819 population at \$96.00 (\$.50 less than the projected IDOT estimated rate).
3. State IJOBS funds were paid to the City over a two year period in 2009/2010 and 2010/2011. The City chose to fund the Bidwell Resurfacing and Full Depth Patching projects from these funds.