

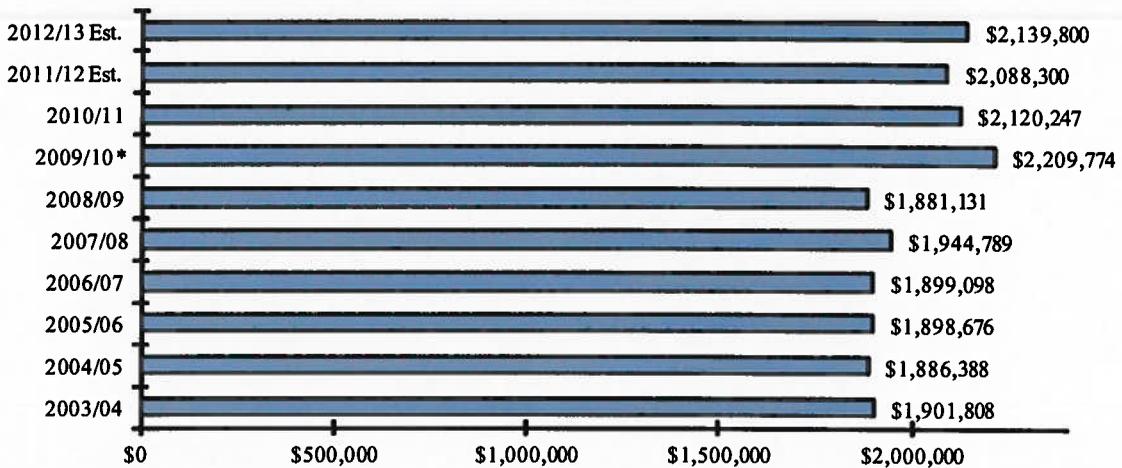
SPECIAL REVENUE FUNDS

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 2012/2013. 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.

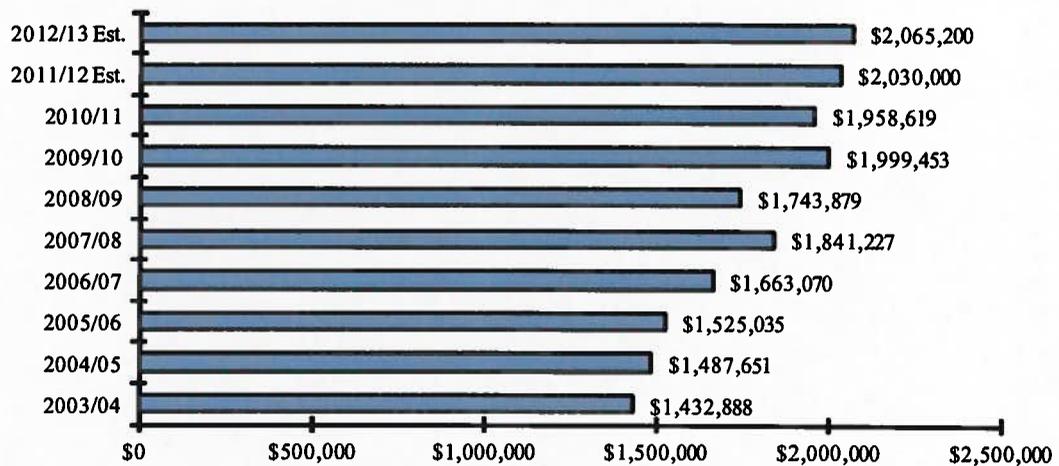
Road Use Tax Revenue History



* 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.

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 2011/2012 and 2012/2013 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 \$2,088,300 in 2011/2012. This is based on the current Iowa Department of Transportation (IDOT) estimate of \$91.25 per capita. This is less than the \$93.98 per capita IDOT estimate used for the original 2011/2012 budget. 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 poor economic conditions, however, road use taxes have decreased and the TIME-21 funding has helped to maintain the 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 2012/2013 was estimated by the IDOT at \$94.00 per capita. Cities, however, have been cautioned that actual revenues may not reach the IDOT projected level. The 2012/2013 budget includes a more conservative estimate of \$93.50 per capita which would generate \$2,139,800. City staff will monitor road use tax receipts and if there are significant funding reductions, expenditures may need to be adjusted accordingly.

The 2011/2012 revised estimate and the 2012/2013 budget include \$2,030,000 and \$2,065,200, 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 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 have been budgeted to complete the Harrison Street Extension project. An estimated \$14,500 in engineering fees and easement work for the project will be incurred in the 2011/2012 year with the project construction estimated at \$432,000 to be completed in 2012/2013.

The estimated fund balance on June 30, 2013 is projected at \$441,926 based on estimated road use taxes of \$91.25 per capita for 2011/2012 and \$93.50 per capita for 2012/2013. 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 \$81,900 higher than the minimum balance needed in this fund.

Road Use Tax Fund

Fund Statement

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013
Beginning Balance, July 1	\$ 383,577	\$ 593,898	\$ 521,478	\$ 755,526	\$ 799,326
Revenues					
Road Use Tax	\$ 2,209,774 (1)	\$ 2,120,247	\$ 2,133,000	\$ 2,088,300 (2)	\$ 2,139,800 (2)
IJOBS Funding	99,134 (3)	120,620 (3)	0	0	0
Total Revenues	\$ 2,308,908	\$ 2,240,867	2,133,000	\$ 2,088,300	2,139,800
Funds Available	\$ 2,692,485	\$ 2,834,765	\$ 2,654,478	\$ 2,843,826	\$ 2,939,126
Expenditures					
Transfers Out:					
General Fund	\$ 1,999,453	\$ 1,958,619	\$ 2,056,800	\$ 2,030,000	\$ 2,065,200
Bidwell Improvements (IJOBS)	99,134 (3)	120,620 (3)	0	0	
Harrison Street	0	0	0	14,500	432,000
Total Expenditures	\$ 2,098,587	\$ 2,079,239	\$ 2,056,800	\$ 2,044,500	\$ 2,497,200
Ending Balance, June 30	\$ 593,898 (1)	\$ 755,526 (1)	\$ 597,678 (1)	\$ 799,326 (1)	\$ 441,926 (1)
Increase (Decrease) in Fund Balance	\$ 210,321	\$ 161,628	\$ 76,200	\$ 43,800	\$ (357,400)

Per Capita Road Use Taxes (Actual and Estimated)	\$ 97.36	\$ 93.42	\$ 93.98	\$ 91.25	\$ 93.50
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1. Road use tax revenues in 2009/2010 reflected 13 months of Road Use Tax receipts. Beginning in 2009/2010 the City will accrue two months of road use taxes at fiscal year end. This was at the recommendation of the City's auditors. With this change, the ending fund balance each fiscal year needs to be a minimum of \$360,000 in order to have a positive cash balance in this fund at fiscal year end.
2. Revenues for both the Revised Estimate and 2012/2013 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.
3. State IJOBS funds were paid to the City over a two year period. The City chose to fund the Bidwell Resurfacing and Full Depth Patching project from these funds.