

FY23 City General Fund Revenues and Expenditures



Examining city general fund revenues and expenditures can provide important information to help officials in local decision-making. A general fund is the primary fund used by the city government. This fund is used to track all revenues and spending that are not identified for specific purposes. It is critical to track the general fund revenues and expenditures as they are associated with many day-to-day administrative and operational activities of a city. This brief report provides a breakdown of city revenues and expenditures in cities across Iowa, in aggregate, by population ranges, and by individual community.

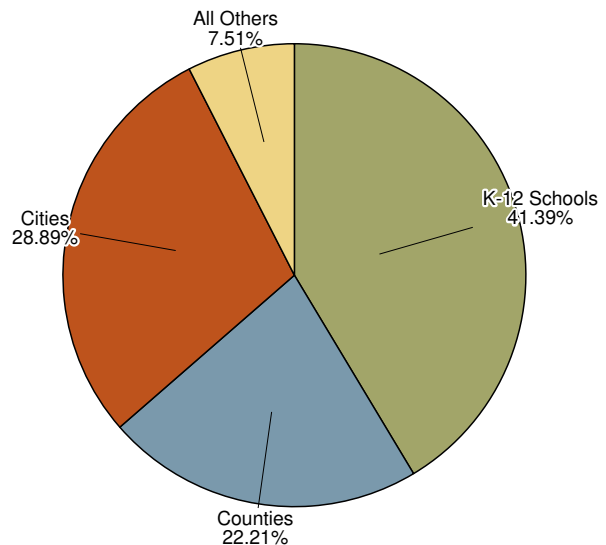
The charts included illustrate the data in a visual format. Note that individual city circumstances may vary and should be considered alongside these data. Several factors influence the breakdowns, many of which may be outside of a city's control. Each city will want to pair these visualizations with their own local circumstances and information to draw inferences of their city finance situation and trends.

Revenue Streams in Iowa

Broadly, revenue sources for state and local governments comes from three major sources: property tax, sales tax, and income taxes. Some state shared revenues such as road use tax funds and local option sales tax flow to eligible cities in Iowa. However, compared to many other states, cities in Iowa receive significantly fewer state-shared revenues. Therefore, they are more reliant on property taxes as a stable source of revenue.

Graph A illustrates the distribution of property tax dollars to local taxing authorities. Schools, cities, and counties receive the largest property tax distributions as collective categories.

For the remainder of this *research update*, the revenue and expenditure breakdowns focus on the city general fund. The general fund is often thought of as the main budget operating fund for day-to-day city operations.



Graph A

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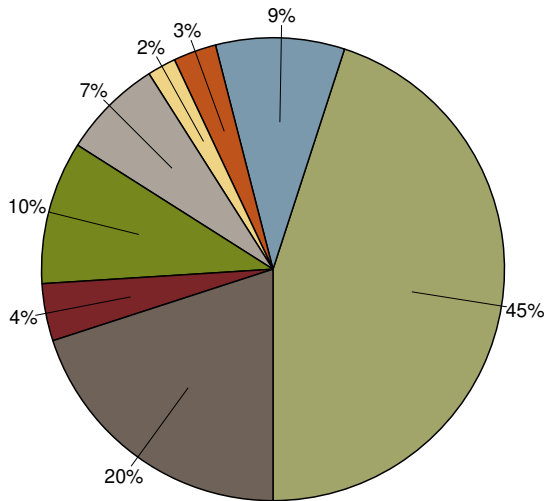
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City General Fund Revenues

The charts below show a breakdown of city general fund revenues in aggregate, by population ranges, and by individual city.

Graph B



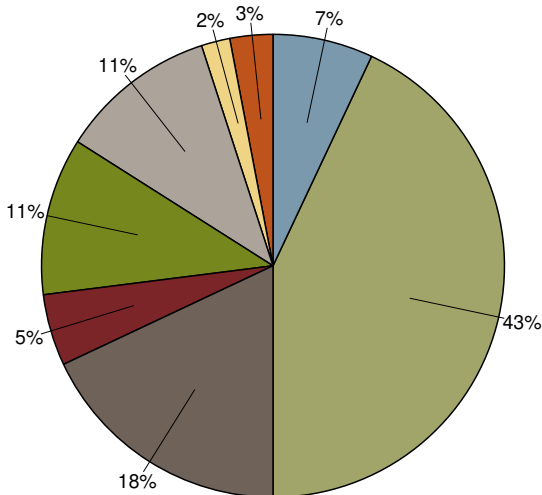
Graph B shows the statewide average of budgeted city general fund revenues for fiscal year 2023, for all cities in Iowa. On average, the largest subcategory of general fund revenues is property taxes, which accounts for approximately 46% of the total general fund revenues. Cities rely on property tax as a more stable source of revenues.

Economic conditions as well as legislation, among other factors, can impact city general fund revenues.

Generally, the size of the community, by population and taxable valuation is relative to the level of resources available.

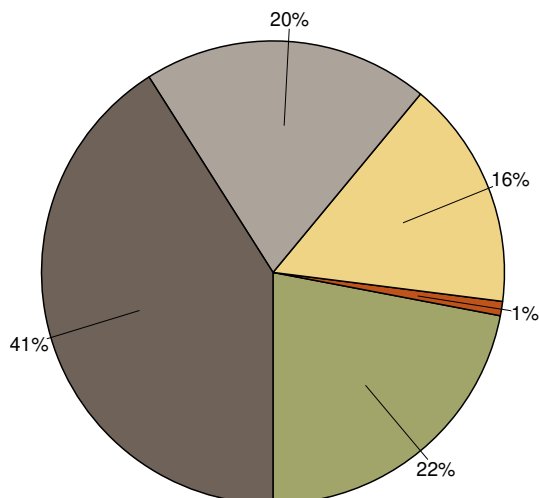
Graph C features a breakdown of general fund revenues for the population range in which the selected city falls, so that the user can begin to look at how these revenues compare with cities of similar populations.

Graph C



Each city has its own breakdown of general fund revenues. Graph D features the breakdown of general fund revenues specific to the selected city. Note that there are many factors and local characteristics that impact a city's breakdown. It is important to understand these local factors; comparisons cannot always be made purely based upon population or other factors.

Graph D - West Liberty, Iowa



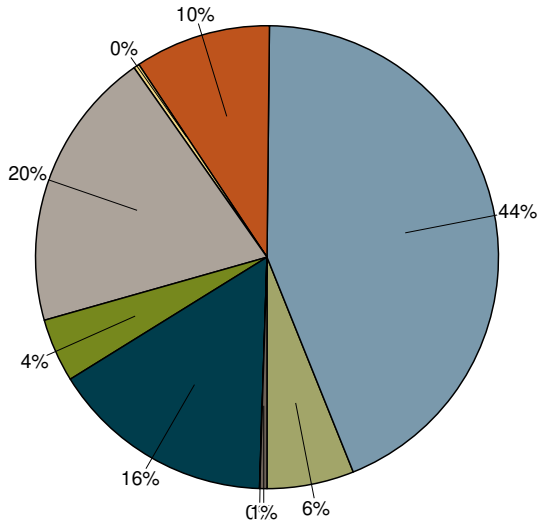
More detail on general fund categories and subcategories is included in the appendices.



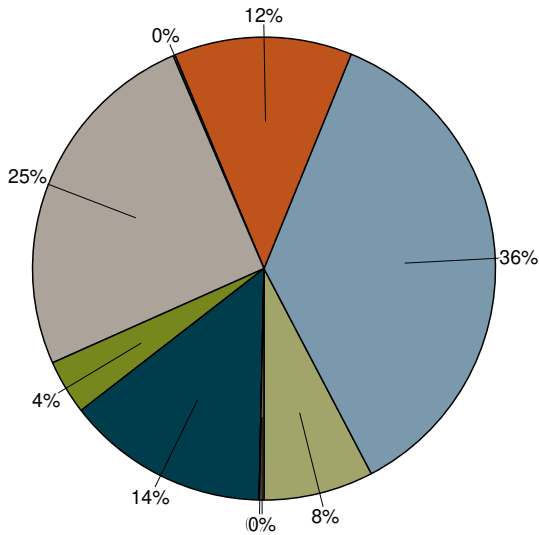
City General Fund Expenditures

The charts below show a breakdown of city general fund expenditures in aggregate, by population ranges, and by individual city.

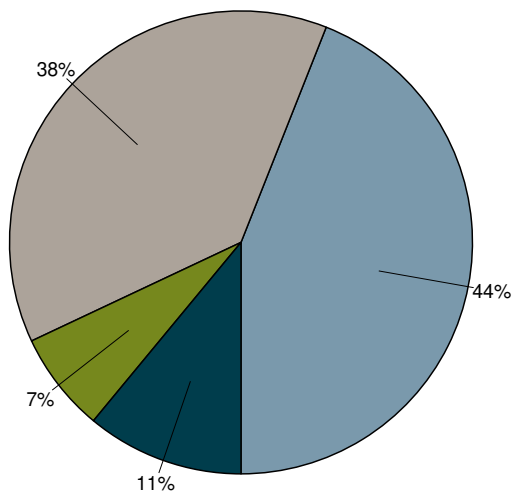
Graph E



Graph F



Graph G - West Liberty, Iowa



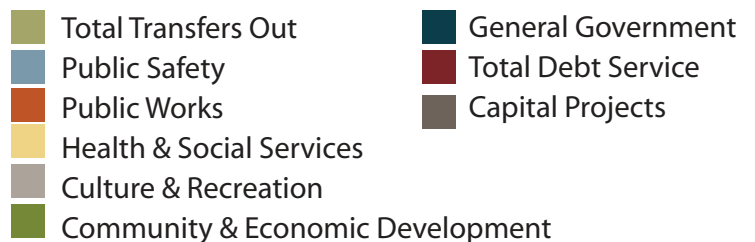
On average, the largest subcategory of general fund expenditures is for public safety services, accounting for approximately 44%. Particularly for expenditures, cities vary a fair amount on these breakdowns depending upon services they offer. Often times, relative population impacts the general fund expenditure trends, with larger cities offering more types of services overall. Similar to many service industries, cities typically have significant portions of their general fund expenditures allocated to employee wages and benefits. These are also subject to inflation and insurance premium increases. Cities' budgets are also impacted by mandates, incurred obligations such as pension costs, and legislation.

Graph E shows the statewide average of budgeted city general fund expenditures for fiscal year 2023, for all cities in Iowa. As a reminder, the general fund does not include activities such as utilities which are a major expense included in the overall operation of a city.

The size of the community (population) may also impact differences in service levels that are provided. Graph F features a breakdown of general fund expenditures for the population range in which the selected city falls, so that the user can begin to look at how these expenditures compare with cities of similar populations.

Each city has its own breakdown of general fund expenditures. Graph G features the breakdown of these expenditures specific to the selected city. Note that there are many factors and local characteristics that impact a city's breakdown. It is important to understand these local factors; comparisons cannot always be made purely based upon population or other factors.

More detail on general fund categories and subcategories is included in the appendices.



General Fund Revenue Categories

Appendix 1

Taxes Levied

- Property taxes
- Delinquent property taxes
- Tif revenues

Other City Taxes

- Utility tax replacement excise taxes
- Utility franchise tax
- Pari-mutuel wager tax
- Gaming wager tax
- Mobile home taxes
- Hotel/motel taxes
- Other local option taxes

Licenses and Permits

- City licenses
- City permitting

Use of Money and Property

- Interest earned on investments
- Rental revenues (property and equipment)

Intergovernmental

- Federal grants and reimbursements
- Road use taxes
- Other state grants and reimbursements (including state replacement claim post SF-295)
- Local grants and reimbursements

Charges for Fees and Service

- Water utility
- Sewer utility
- Electric utility
- Gas utility
- Parking
- Airport
- Landfill/garbage
- Hospital
- Transit
- Cable TV, internet, telephone
- Housing authority
- Storm water utility
- Other fees and charges

Special Assessments

- Special assessments revenue

Miscellaneous

- Miscellaneous

General Fund Transfers In, Proceeds of Debt, and Proceeds of Capital Asset Sales

- Proceeds of debt (excluding TIF internal borrowing)
- Proceeds of capital asset sales
- Regular operating transfers in
- Internal TIF loan transfers in

General Fund Expenditure Categories

Appendix 2

Public Safety

Police Department / Crime prevention
Jail
Emergency management
Flood control
Fire department
Ambulance
Building inspections
Miscellaneous protective services
Animal control
Other public safety

Public Works

Roads, bridges and sidewalks
Parking – meter and off-street
Street lighting
Traffic control and safety
Snow removal
Highway engineering
Street cleaning
Airport (if not enterprise)
Garbage (if not enterprise)
Other public works

Health and Social Services

Welfare assistance
City hospital
Payments to private hospitals
Health regulation and inspection
Water, air and mosquito control
Community mental health
Other health and social services

Culture and Recreation

Library services
Museum, band and theater
Parks
Recreation
Cemetery
Community center, zoo and marina
Other culture and recreation

Community and Economic Development

Community beautification
Economic development
Housing and urban renewal
Planning and zoning
Other community and economic development

General Government

Mayor, council and city manager
Clerk, treasurer and finance administration
Elections
Legal services and city attorney
City hall and general buildings
Tort liability
Other general government

Debt Service

Governmental capital projects
TIF capital projects

General Fund Transfers Out

Regular transfers out
Internal TIF loan / repayment transfers out