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*REPORT TO THE SUBCOMMITTEE ON
INTERGOVERNMENTAL RELATIONS
COMMITTEE ON
GOVERNMENT OPERATIONS
UNITED STATES SENATE*

Case Studies Of Revenue Sharing
In 26 Local Governments

ENCLOSURE 0

Des Moines, Iowa ^{p 2786}

*BY THE COMPTROLLER GENERAL
OF THE UNITED STATES*

GGD-75-77-0

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ABBREVIATIONS

EEOC	Equal Employment Opportunity Commission
GAO	General Accounting Office
LEAA	Law Enforcement Assistance Administration
OEO	Office of Economic Opportunity

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SUMMARY

At the request of the Chairman, Subcommittee on Intergovernmental Relations, Senate Committee on Government Operations, GAO conducted case studies on general revenue sharing at 26 selected local governments throughout the country, including Des Moines, Iowa. S. 152

For the period January 1, 1972 through June 30, 1974, Des Moines was allocated \$5,872,733 in revenue sharing funds, or \$29.16 per capita. Of the amount allocated, \$5,263,727 was received by June 30, 1974 and \$609,006 was received in July 1974. The revenue sharing funds allocated to Des Moines were equivalent to about 15 percent of its own tax collections.

The Chairman's letter listed seven areas on which the Subcommittee wanted information. Following is a brief description of the selected information GAO obtained on each area during its review of Des Moines.

1. The specific operating and capital programs funded in part or in whole by general revenue sharing in each jurisdiction. Des Moines had obligated or expended about \$4,259,886 through June 30, 1974, with \$2,234,496 being designated for use in financing the operating expenses of the fire department. Remaining revenue sharing funds were earmarked for capital purposes, including construction of three fire stations and expansion of another, remodeling and improving city council chambers and the municipal courts building, and several recreation projects.

2. The fiscal condition of each jurisdiction, including its surplus or debt status. An analysis of the ending balances of Des Moines' operating funds for the years 1969-73 showed that balances decreased in 1970 and 1971, the 2 years preceding revenue sharing, and increased in 1972 and 1973. The comparatively large increase in the operating funds balance at the end of 1973 was attributable to revenue sharing and expenditure reductions.

Outstanding debt of the city remained relatively constant during the period 1969-73 and was consistently below the borrowing limit imposed by the State.

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3. The impact of revenue sharing on local tax rates and any changes in local tax laws, and an analysis of local tax rates vis-a-vis per capita income. In October 1972 the city council authorized use of 1972 revenue sharing funds for public safety expenses and thereby reduced the property tax levy for the proposed 1973 budget. This allowed the city, for the first time in several years, to reduce the mill rate substantially below the maximum allowable under State law.

GAO's calculations indicated that the percentage of family income that was paid to the city, other local governments--including county, school district, and special district governments--and to the State government increased slightly as family income increased. A family with a 1973 income of \$7,500 paid 14.5 percent of its income in State and local taxes; a family with an income of \$12,500 paid 15.3 percent; while a family with an income of \$17,500 paid 15.9 percent.

4. The percentage of the total local budget represented by general revenue sharing. As of December 31, 1973, Des Moines had received approximately \$4 million in revenue sharing funds. Of this total, the city received approximately \$1.1 million in 1972. No revenue sharing was included in the 1972 budget because at the time the budget was prepared the city was uncertain when the funds would be received. All of the funds received in 1972 and 1973 were incorporated in the 1973 budget and made up approximately 4.7 percent of that budget. Accordingly, the 1973 budget included an amount which represented almost 2 years of revenue sharing payments.

5. The impact of Federal cutbacks in three or four specific categorical programs and the degree, if any, that revenue sharing has been used to replace those cutbacks. In addition to revenue sharing, Des Moines received Federal aid of \$5.6, \$8.2, and \$10.0 million in calendar years 1971, 1972, and 1973, respectively. Estimated 1974 receipts were \$12.8 million. While total Federal aid increased each year since 1971, funding for some individual programs was reduced. Des Moines had not designated its revenue sharing funds for use in continuing or maintaining any program for which Federal funding was reduced or eliminated. The city did, however, earmark other city funds as used to continue or maintain some of these programs.

6. The record of each jurisdiction in complying with the civil rights, Davis-Bacon, and other provisions of the law. According to the 1970 census, Des Moines' civilian labor force totaled about 89,468 persons, of which about 6.2 percent were blacks or had Spanish surnames and 42.7 percent

were females. As of August 30, 1974, the city government work force consisted of 1,821 persons, of which 6.5 percent were minorities and 15.7 percent were female. GAO was informed that efforts to recruit minorities, especially in the police department, have not been successful. City officials also stated that the type of work involved in several large city departments attracted males more than females.

Since December 31, 1971, 42 complaints alleging discrimination in employment have been filed against the city. None of these involved revenue sharing funds.

The city did not incorporate the required clauses in all of the construction contracts that were subject to the Davis-Bacon provision and did not obtain the required wage data from the contractor in all cases. However, the local labor market is unionized and GAO was informed that the union rates are equal to or higher than the wage determinations of the Department of Labor under the Davis-Bacon Act.

GAO's review indicated that the city complied with the prevailing wage provision of the act.

7. Public participation in the local budgetary process, and the impact of revenue sharing on that process. Public hearings on the Des Moines budget were part of the budgetary process; however, the extent of public participation in the hearings has been limited. Revenue sharing has apparently had very little effect on the process.

CHAPTER 1

INTRODUCTION

The State and Local Fiscal Assistance Act of 1972 (Public Law 92-512), commonly known as the Revenue Sharing Act, provides for distributing about \$30.2 billion to State and local governments for a 5-year program period beginning January 1, 1972. The funds provided under the act are a new and different kind of aid because the State and local governments are given wide discretion in deciding how to use the funds. Other Federal aid to State and local governments, although substantial, has been primarily categorical aid which generally must be used for defined purposes. The Congress concluded that aid made available under the act should give recipient governments sufficient flexibility to use the funds for their most vital needs.

On July 8, 1974, the Chairman, Subcommittee on Intergovernmental Relations, Senate Committee on Government Operations, requested us to conduct case studies on general revenue sharing at 26 selected local governments throughout the country. The request was part of the Subcommittee's continuing evaluation of the impact of general revenue sharing on State and local governments. The Chairman requested information on

- the specific operating and capital programs funded by general revenue sharing in each jurisdiction;
- the fiscal condition of each jurisdiction;
- the impact of revenue sharing on local tax rates and tax laws, including an analysis of tax burden on residents of each jurisdiction;
- the percentage of the total budget of each jurisdiction represented by general revenue sharing;
- the impact of Federal cutbacks in several categorical programs and the degree, if any, that revenue sharing has been used to replace those cutbacks;
- the record of each jurisdiction in complying with the civil rights, Davis-Bacon, and other provisions of the law; and
- public participation in the local budgetary process and the impact of revenue sharing on that process.

Des Moines, Iowa, is one of the 26 selected local governments, which include large, medium, and small municipalities and counties as well as a midwestern township.

BACKGROUND INFORMATION
ON DES MOINES

Des Moines is located near the geographical center of the State. It is the State's capital and largest city. The 1970 population was 201,404, of which about 6 percent were minorities. The city occupies approximately 64 square miles.

Des Moines serves as the industrial, commercial, financial, trade, and transportation center for the surrounding predominantly agricultural area. The city's economy is well diversified, with the industrial activities, while significant, being secondary to trade and services. The primary manufacturing firms within the city include a rubber products plant, a publishing company, and a farm machinery manufacturer.

According to 1970 census data, the median family income in Des Moines was \$10,239, and 21 percent had an income over \$15,000. About 18 percent of the workers were in manufacturing, 23 percent in trades, 39 percent in services, and 14 percent in government. About 66 percent of the homes were owner occupied, with a median value of \$14,700 according to the 1970 census.

The city operates under the council-manager form of government. Voters elect the mayor, two councilmen at large, and four ward councilmen. The elections are held in November of odd-numbered years for staggered 4-year terms commencing in January.

The mayor and council are the governing body of all municipal corporations. They appoint members of various city boards, commissions, and committees.

The city manager is appointed by the council and is designated as the chief administrative officer. His general responsibilities include appointing city officers and employees, implementing city policy, presenting budget matters, supervising city functions, and making policy recommendations to the city council.

The city provides such services as police protection, fire protection, sewer service, water, library facilities and services, building inspection, sanitation, street maintenance, municipal airport facilities, and operation

of the Veterans Memorial Auditorium. The city contracts with the Des Moines Metropolitan Area Solid Waste Agency, an autonomous public agency, for solid waste disposal, which is mandatory for residential units of a certain size. Residents of such units are automatically billed for the service as part of the water bill.

Health services and facilities, as well as environmental protection services, are provided by a joint city-county health department. There is one county-operated hospital. All others are operated by private individuals or organizations. The city operates a number of city parks, swimming pools, and golf courses.

The city owns and operates a number of parking facilities, and numerous privately owned and operated parking facilities are also available.

Welfare and social services are provided by the county. Certain welfare and social services are also provided by private organizations.

The Metropolitan Transit Authority owns and operates the bus lines and the city subsidizes the operation. Street and highway services are a joint city-State function. The streets are maintained by the city, and any State highways going through the city are maintained by the State.

The city is not involved in providing any educational services. These are provided by a combination of the independent school district, the county board of education, and the State Department of Public Instruction, as well as the local university and colleges.

Des Moines operated on a calendar year basis through calendar year 1973. This is being changed to a fiscal year basis, with the 1974 operating period being the transitional period, running from January 1, 1974 through June 30, 1975.

REVENUE SHARING ALLOCATION

Revenue sharing funds are allocated according to a formula in the Revenue Sharing Act. The amount available for distribution within a State is divided into two portions--one-third for the State government and two-thirds for all eligible local governments within the State.

The local government share is allocated first to the State's county areas (these are geographic areas, not county governments) using a formula which takes into account each county area's population, general tax effort,

and relative income. Each individual county area amount is then allocated to the local governments within the county area.

The act places constraints on allocations to local governments. The per capita amount allocated to any county area or local government unit (other than a county government) cannot be less than 20 percent, nor more than 145 percent, of the per capita amount available for distribution to local governments throughout the State. The act also limits the allocation of each unit of local government (including county governments) to not more than 50 percent of the sum of the government's adjusted taxes and intergovernmental transfers. Finally, a government cannot receive funds unless its allocation is at least \$200 a year.

To satisfy the minimum and maximum constraints, the Office of Revenue Sharing uses funds made available when local governments exceed the 145 percent maximum to raise the allocations of the State's localities that are below the 20 percent minimum. To the extent these two amounts (amount above 145 percent and amount needed to bring all governments up to 20 percent) are not equal, the amounts allocated to the State's remaining unconstrained governments (including county governments) are proportionally increased or decreased.

Des Moines was not raised to the 20 percent minimum constraint or lowered to the 145 percent maximum constraint in any of the first four entitlement periods (January 1, 1972 through June 30, 1974), but constraints applied to other governments in the State resulted in an increase in Des Moines' allocation. Our calculations showed that, if the allocation formula were applied in Iowa without all the act's constraints, Des Moines' allocation for the first four entitlement periods would have been \$5,833,153--slightly less than Des Moines' final allocation of \$5,851,503. Initial allocations and payments to Des Moines for the same periods were \$5,872,733. This included \$609,006 which was received in July 1974. The city's payment for the next entitlement period will be reduced by \$21,230, the difference between initial and final allocations.

The following schedule shows revenue sharing per capita and revenue sharing as a percent of adjusted taxes for Des Moines and the next two largest cities in Iowa, Cedar Rapids and Davenport, which have populations of 110,642 and 98,469, respectively.

Revenue sharing funds received for the
period January 1, 1972 through June 30, 1974

<u>City</u>	<u>Received</u> (note a)	<u>Per capita</u> <u>share</u>	<u>As a percent of</u> <u>taxes (note b)</u>
Des Moines	\$5,872,733	\$29.16	15.0
Cedar Rapids	4,117,405	37.21	16.4
Davenport	2,694,775	27.37	16.6

a/ Includes payment received in July 1974 for quarter ended June 30, 1974.

b/ Fiscal year 1971 and 1972 taxes, as defined by the Bureau of the Census, were used and adjusted to correspond to the 2-1/2-year period covered by the revenue sharing payments.

For Iowa, the 145 percent constraint for local governments for the period covered was \$69.22 per capita. The 20 percent constraint was \$9.54 per capita.

CHAPTER 2

BUDGETING AND PUBLIC PARTICIPATION

IN THE BUDGETARY PROCESS

Des Moines' budget comprises 13 operating funds and 8 nonoperating funds.

OPERATING FUNDS

1. General fund--finances operations of the mayor, council, city clerk, city manager, and the personnel and finance departments. Revenue is derived from numerous sources, including taxes, licenses and permits, and intergovernmental revenue.
2. Street fund--finances street construction and maintenance. Revenue is derived mainly from State road use taxes.
3. Public safety fund--finances services of the police department, fire department, traffic engineering, building inspection, and transit authority. Revenue is derived mainly from taxes, licenses and permits, and intergovernmental revenue.
4. Sanitation fund--finances health services, sewer maintenance, sewage treatment, and solid waste disposal. Revenue is derived primarily from user charges for services rendered.
5. Enterprises fund--finances the operation of the airport, library, auditorium, and cemetery. Revenue is derived mainly from the airport operations, taxes, and charges for services.
6. Recreation fund--finances such activities as the art center, recreation commission, parks, pools, and golf courses. Revenue is derived primarily from taxes, charges for services, and rentals and concessions.
7. Utilities fund--finances street lighting. Revenue is derived from taxes.
8. Parking meter fund--finances parking meter maintenance and off-street parking. Revenue is derived from parking meter collections.

9. Debt service fund--finances the principal and interest on general obligation bonds. Revenue is derived from property taxes and the mobile home tax.
10. Trust and agency fund--finances the police and fire retirement and pension systems and other employee pension systems. Revenue is derived from taxes.
11. Tort liability fund--finances insurance premiums. Revenue is derived from taxes and other sources.
12. Emergency fund--can finance any of the operating activities. Revenue is derived from property taxes.
13. General revenue sharing fund--contains the Federal revenue sharing funds until they are transferred to the fund from which expended.

NONOPERATING FUNDS

Three funds have been established to account for funds and activities under Federal programs for which the city acts as trustee or agent. The urban development fund provides for various urban renewal projects; the concentrated employment fund provides for various employment opportunity programs under the city's concentrated employment program; and the community development fund provides for community development activities such as community corrections, health programs, and job development and training. These funds are financed mainly from Federal sources.

The capital projects fund finances most of the city's capital projects and is financed from taxes, sales of bonds, and other sources. The police and fire retirement fund is financed from accumulated contributions. The deposits and agency fund contains such items as deposits that may have to be returned, funds that are being held for designated purposes, and employee contributions for social security. The special assessments fund is used to receive and pay principal and interest on special assessment bonds and is financed from the related assessments. The sinking fund pays the principal and interest of the sewer and parking revenue bonds and is financed by the sewer and parking activities.

RELATIONSHIP OF REVENUE SHARING FUNDS TO THE BUDGET

As of December 31, 1973, Des Moines had received approximately \$4 million in revenue sharing funds. Of this total, the city received approximately \$1.1 million in 1972.

No revenue sharing was included in the 1972 budget because at the time the budget was prepared the city was uncertain when the funds would be received. All of the funds received in 1972 and 1973 were incorporated in the 1973 budget and made up approximately 4.7 percent of that budget. Accordingly, the 1973 budget included an amount which represented almost 2 years of revenue sharing payments.

	<u>1971</u>	<u>1972</u>	<u>1973</u>
	_____ (000 omitted) _____		
Des Moines city budget for year ended December 31	\$ 70,123	\$ 77,157	\$ 85,663
Des Moines school district budget for year ended June 30	<u>44,436</u>	<u>47,599</u>	<u>50,818</u>
Total	<u>\$114,559</u>	<u>\$124,756</u>	<u>\$136,481</u>
Revenue sharing payments received	-	\$1,112	\$2,934
Revenue sharing funds budgeted	-	-	\$4,065
Cumulative revenue sharing payments received but not budgeted	-	\$1,112	-
Percentage of city's budget represented by revenue sharing	-	-	4.7
Percentage of city and school budgets represented by revenue sharing	-	-	3.0

School district budget data is included in the foregoing table to make the budgets comparable with those of local governments whose responsibilities include operating the local school system. Although independent school districts do not receive revenue sharing funds directly from the Federal Government, the financing of public schools is a major responsibility at the local government level and represents a significant part of the local tax burden.

The following table shows the city budget by department for calendar years 1972-74, and the amount of revenue sharing funds budgeted each year.

Department	Calendar year 1972		Calendar year 1973		Calendar year 1974	
	Budget	Revenue sharing funds	Budget	Revenue sharing funds	Budget	Revenue sharing funds
(000 omitted)						
Departmental:						
Aviation	\$ 1,347	-	\$ 1,712	\$ -	\$ 1,798	\$ -
Building	386	-	598	-	763	-
City clerk	136	-	157	-	114	-
City manager	132	-	151	-	151	-
Civil service	51	-	55	-	59	-
Community de- velopment	5,765	-	7,805	-	2,460	-
Concentrated employment program	3,016	-	1,387	-	1,213	-
Des Moines- Polk County health	1,312	-	1,226	-	1,245	-
Finance	2,152	-	2,529	-	2,560	-
Fire-civil defense	4,315	-	4,489	2,234	4,950	751
Human rights	81	-	85	-	101	-
Legal	253	-	265	-	257	-
Library	1,074	-	1,146	-	1,194	-
Manpower plan- ning and coordination	53	-	55	-	54	-
Mayor and coun- cil	65	-	78	-	74	-
Municipal court bailiff	218	-	129	-	-	-
Municipal court clerk	323	-	156	-	-	-
Municipal court judge	167	-	94	-	-	-
Parks	1,917	-	2,038	-	2,162	-
Personnel	111	-	120	-	134	-
Planning	361	-	501	-	458	-
Police	6,333	-	6,263	-	6,620	-
Public works	10,515	-	11,345	-	13,186	-
Recreation	280	-	313	-	347	-
Traffic and transportation	2,021	-	3,154	-	4,310	-
Urban develop- ment	3,955	-	3,012	-	1,906	-
Veterans Memo- rial Auditorium	625	-	693	-	709	-
Nondepartmental:						
Capital projects	19,956	-	26,363	1,831	23,049	1,827
Other	10,237	-	9,744	-	9,689	-
Total	<u>\$77,157</u>	-	<u>\$85,663</u>	<u>\$4,065</u>	<u>\$79,563</u>	<u>\$2,578</u>

PUBLIC INVOLVEMENT
IN BUDGETARY PROCESS

The operating budget is prepared by the finance department and is presented to the city council by the city manager. By law, the budget must include, as a minimum, the amount of income from sources other than taxation and the amount proposed to be raised by taxation. Also, it must include the amount proposed to be expended from each fund for each general purpose in the next year, and a comparison of such amounts with the amounts expended for like purposes for the 2 preceding years.

Upon receipt of the proposed budget, the city council schedules a public hearing to discuss the budget, makes copies available for public inspection at designated places, and publishes the basic budget data in the newspaper. Any individual or group may voice an opinion of the budget.

Citizen participation in the public budget hearings has been limited. Several public interest groups, however, do participate, including the Polk-Des Moines Taxpayers Association and the League of Women Voters.

The taxpayers association is closely involved with the budgetary process and regularly participates in the public hearings. According to an association representative, the city generally provides adequate and consistent information on the proposed use of revenue sharing funds as well as other city funds.

The League of Women Voters is not as closely involved in the budgetary process, but its members do regularly attend the council meetings. They have also prepared a study of revenue sharing in Des Moines, but the study report was not widely publicized. The study revealed that very few people had input into decisions concerning the use of the revenue sharing funds. According to league representatives, the general public does not have adequate advance information on proposed uses of revenue sharing by the city although the amount of information available on revenue sharing is about the same as for the uses of other funds.

The city's efforts to publicize the revenue sharing program and proposed uses of the funds were limited to publishing the basic budget data and the planned and actual revenue sharing use reports in the newspaper. Several articles relating to revenue sharing had been written by parties outside city government.

The capital improvements program, which covers a 6-year period, is prepared each year after the operating budget is prepared. The program is financed out of the operating budget. Departmental units have the initial input into the program. Then the finance department and the city manager select the projects and time frame and prepare the program for submission to the city council for approval.

CHAPTER 3

PROGRAMS FUNDED WITH REVENUE SHARING

Des Moines was allocated \$5,872,733 in revenue sharing funds for the period January 1, 1972 through June 30, 1974. Of the amount allocated, \$5,263,727 was received by June 30, 1974, and \$609,006 was received in July 1974. As of June 30, 1974, interest earned from investment of the funds totaled \$187,901. Following is a status of the funds as of June 30, 1974.

Funds expended	\$2,872,176
Unliquidated obligations	1,387,710
Unobligated revenue sharing funds	<u>1,800,748</u>
Total	<u>\$6,060,634</u>

USES OF REVENUE SHARING

The uses of revenue sharing funds described in this chapter are those reflected by Des Moines' financial records. As we have pointed out in earlier reports on the revenue sharing program ("Revenue Sharing: Its Use by and Impact on State Governments," B-146285, Aug. 2, 1973, and "Revenue Sharing: Its Use by and Impact on Local Governments," B-146285, Apr. 25, 1974), fund "uses" reflected by the financial records of a recipient government are accounting designations of uses. Such designations may have little or no relation to the actual impact of revenue sharing on the recipient government.

For example, in its accounting records, a government might designate its revenue sharing funds for use in financing environmental protection activities. The actual impact of revenue sharing on the government, however, might be to reduce the amount of local funds which would otherwise be used for environmental protection, thereby permitting the "freed" local funds to be used to reduce tax rates, to increase expenditures in other program areas, to avoid a tax increase or postpone borrowing, to increase yearend fund balances, and so forth.

Throughout this report, when we describe the purposes for which revenue sharing funds were used, we are referring to use designations as reflected by city financial records.

Functional uses

In calendar year 1973 the city expended \$2,234,496 in revenue sharing funds for operations and maintenance purposes. The city expended \$378,466 in calendar year 1973 and \$259,214

during the first 6 months of calendar year 1974 for capital purposes, as follows.

	Calendar year <u>1973</u>	Six months ended <u>June 30, 1974</u>
Public safety	\$108,456	\$200,694
Recreation	266,849	33,643
General public buildings	<u>3,161</u>	<u>24,877</u>
Total	<u>\$378,466</u>	<u>\$259,214</u>

As of June 30, 1974, the city had obligated additional revenue sharing funds for capital projects totaling \$1,387,710, as follows.

Public safety	\$1,092,518
Recreation	125,744
General public buildings	165,498
Urban renewal project	<u>3,950</u>
Total	<u>\$1,387,710</u>

Specific uses

The revenue sharing funds expended for operations and maintenance purposes financed the entire operation of the fire department for about the first half of 1973. Department costs included administration, communications, training, protection, inspection, and prevention.

The public safety capital projects financed by revenue sharing were for the construction of three fire stations and the expansion of another. These projects were part of a city program to relocate, consolidate, and modernize citywide fire-fighting facilities.

Revenue sharing funds were used to partially finance the rebuilding of tennis courts in three city parks, constructing a park swimming pool, developing a small city park, and developing public facilities at a city lake.

Revenue sharing funds were also used for remodeling and improving the city council chambers in the city hall (e.g., lighting, seating, carpeting, and draperies), and the municipal courts building (e.g., new windows, relighting, and step and handrail repair).

Capital projects financed by revenue sharing funds were distributed throughout the city in such a manner that no segment of the population appeared to be benefiting more than any other.

By an October 1972 resolution, the city council applied the full estimated amount of the 1972 revenue sharing funds for public safety expenses and thereby reduced the tax levy for the proposed 1973 budget. The result was that for the first time in several years the city was able to reduce the mill rate levy for operations and emergencies substantially below the maximum State-allowed mill rate of 31. The mill rate levy for operations and emergencies was reduced to 25.682 mills.

Plans for unobligated funds

City officials plan to use the unobligated revenue sharing funds on various capital projects. When the 1974 capital improvements program was prepared, city officials identified the projects they planned to finance with revenue sharing funds in 1974-79. Capital improvements are planned for parks, municipal buildings, storm sewers, libraries, and fire facilities.

ACCOUNTING FOR REVENUE SHARING FUNDS

The city commingles its revenue sharing funds with other funds in the bank and invests them in the same manner as other city funds. Until about June 1974 they were invested in certificates of deposit and, since then, in repurchase agreements with the bank.

For accounting purposes, the revenue sharing funds are recorded in the revenue sharing trust fund upon receipt. The funds then are authorized for expenditure by the city council through the city budget. Revenue sharing funds are transferred to the other funds to reimburse them or to cover future expenditures, such as capital projects for which contracts have been signed. This transfer of funds must be approved by the city council as well as by the State Controller. Generally, the transfer is made late in the calendar year when the current year's budget is amended and the following year's budget is proposed. For example, the transfer in calendar year 1973 was made in August and October 1973. The funds transferred to the public safety fund reimbursed the fund for expenditures made earlier in the year. The funds transferred to the capital projects fund reimbursed that fund for some expenditures already made and also provided funds for future expenditures under signed contracts.

AUDITS OF REVENUE SHARING

Audits of the city's operations have been performed by a public accounting firm and the State Auditor's office.

The public accounting firm audits the city's financial activities each year. The most recent such audit was performed for the year ended December 31, 1973. Revenue sharing funds were audited to the extent that they were involved in the financial transactions of the city, but the audit did not include a review of the city's compliance with the requirements of the Revenue Sharing Act and related regulations.

The most recent audit by the State Auditor was for the year ended December 31, 1972. It did not include revenue sharing because no revenue sharing funds were included in the financial transactions of that period. As of June 30, 1974, no audit had been made of the city's revenue sharing activities by the Office of Revenue Sharing.

A citizens' audit of revenue sharing performed by the League of Women Voters in 1974 covered Des Moines and 22 other Iowa communities and the Iowa State government. The report was general in nature and did not cite any violations of the revenue sharing requirements by Des Moines.

CHAPTER 4

COMPLIANCE PROVISIONS

OF THE REVENUE SHARING ACT

The act provides that, among other requirements, each recipient shall

- create a trust fund in which funds received and interest earned will be deposited. Funds will be spent in accordance with laws and procedures applicable to expenditure of the recipient's own revenues;
- use fiscal, accounting, and audit procedures which conform to guidelines established by the Secretary of the Treasury;
- not use funds in ways which discriminate because of race, color, national origin, or sex;
- under certain circumstances, not use funds either directly or indirectly to match Federal funds under programs which make Federal aid contingent upon the recipient's contribution;
- observe requirements of the Davis-Bacon Act on certain construction projects in which the costs are paid out of the revenue sharing trust fund;
- under certain circumstances, pay employees who are paid out of the trust fund not less than prevailing rates of pay; and
- periodically report to the Secretary of the Treasury on how it used its revenue sharing funds and how it plans to use future funds. The reports shall also be published in the newspaper, and the recipient shall advise the news media of the publication of such reports.

Further, local governments may spend funds only within a specified list of priority areas.

For purposes of this review we gathered selected information relating to the nondiscrimination, Davis-Bacon, and prevailing wage provisions.

NONDISCRIMINATION PROVISION

The act provides that no person in the United States shall, on the ground of race, color, national origin, or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with general revenue sharing funds.

Des Moines amended its municipal code with an ordinance regarding nondiscrimination in employment. The ordinance, approved in January 1972, enumerated various unfair or discriminatory practices. It stated, in part, that it shall be an unfair or discriminatory practice for an employer to refuse to hire, accept application, promote, upgrade, or to bar or to discharge from employment or to discriminate against any person in compensation or in terms, conditions, or privileges of employment because of such person's race, religion, creed, color, sex, national origin, or ancestry.

The city also enacted an affirmative action program in 1972 to be used by all city departments. It provided for designating a city equal employment officer and for insuring that applicants and employees are treated fairly regardless of their race, religion, color, sex, or national origin. It also provided for specific procedures covering all phases of the city's employment policy. The program did not have specific goals, so that now the city is considering revising the program to include goals and to make it more uniform with the methodology and criteria used in similar programs.

Civil rights matters are handled by the city's human rights commission and the Iowa Civil Rights Commission.

The human rights commission was established in 1951 by city ordinance. Its 10 members are appointed by the mayor and confirmed by the city council. It is funded by the general fund. The commission is responsible for initiating, receiving, hearing, and conciliating complaints of discrimination; investigating and studying housing patterns and group relationships within the city; formulating and carrying out educational programs designed to prevent and eliminate discrimination; and insuring that contractors comply with the nondiscrimination provisions of contracts and their affirmative action compliance programs. The commission's powers include making investigations, issuing orders and injunctions, and holding public hearings.

The Iowa Civil Rights Commission was created in 1965 by the Iowa General Assembly. It consists of seven members

appointed by the Governor with the advice and consent of the senate. The commission receives complaints relating to public accommodations, housing, employment, on-the-job-training programs, apprentice programs, and vocational schools. Efforts are made to effect compliance by conciliation and persuasion. If such efforts fail, violations can be taken to public hearing by the commission, where compliance orders can be issued. The commission is empowered to obtain court orders to back up its orders and it also has subpoena powers.

Comparison of local government work force and civilian labor force

The following schedule shows that the minority composition of the city government work force, as of August 30, 1974, closely approximated the minority composition of the civilian labor force as shown by the 1970 census. The percentage of females employed by the city government, however, was considerably below the percentage of females in the civilian labor force.

Comparison Of City Government Work Force With Civilian Labor Force

	Male		Female		Total	
	Number	Percent	Number	Percent	Number	Percent
Civilian labor force:						
Total	<u>51,303</u>	<u>57.3</u>	<u>38,165</u>	<u>42.7</u>	<u>89,468</u>	<u>100.0</u>
Black	2,454	2.7	2,062	2.3	4,516	5.0
Spanish surname	654	.7	413	.5	1,067	1.2
City government work force:						
White	1,463	80.3	241	13.2	1,704	93.5
Black	62	3.4	41	2.3	103	5.7
Spanish surname	11	.6	1	.1	12	.7
Asian American	-	-	2	.1	2	.1
Total	<u>1,536</u>	<u>84.3</u>	<u>285</u>	<u>15.7</u>	<u>1,821</u>	<u>100.0</u>

An analysis of the city government work force by department and job category as of August 30, 1974, is shown in appendix I. The percentage of minorities by department varied. Of the six largest departments, the percentage varied from 0.9 percent in the fire department to 12.4 percent in the natural resources

department. The female representation in the six largest departments ranged from 1.1 percent in the sanitation and sewage department to 37.1 percent in the financial administration function. Some job categories had a low number of minority employees. In the professionals category, only 2 of the 144 employees were minorities. No administrative positions were held by minorities in several departments, including the police, fire, and streets and highways departments.

Appendix II shows the new employees hired by department and by job category for the year ended August 30, 1974. The overall percentage of minorities and females in the new hires was greater than that in the city government work force. With few exceptions, they were hired for those departments and job categories where most minority and female employees were already concentrated.

City officials informed us that the city had no employment goals by department or job category for either minority or female employees. While the city has made efforts to recruit minorities, especially in the police department, it has not been very successful.

Appendix III shows city government promotions by department and job category in the year ended June 30, 1974. A promotion consists of any change in job classification. Overall, the percentage of minorities and females promoted during the period was about equal to the percentage existing in the city government work force. The city manager informed us that the city was continuing its effort to encourage minorities and females to apply for employment and to take promotional civil service examinations.

While the overall record of the city in employment and promotion of minorities compared favorably with that of the total city government work force, an analysis of individual departments indicated several were well below the average. Only 3 of the 312 employees of the fire department were minority and of the 13 new hires in the year ended August 30, 1974, none were minority. In the police department, 10 of 385 employees and 2 of 43 new hires were minority. Both of these departments were allocated revenue sharing funds--the fire department in the form of operating funds for 6 months, and the police department in the form of capital improvements to the facility in which it is housed.

City officials stated that employment and promotion for civil service positions are regulated by State civil service law and the city can only select candidates for such positions from lists of eligibles certified by the

State's Civil Service Commission. They stated that efforts to encourage minorities and females to apply for such position examinations were continuing. City officials also stated that generally the type of work involved in the public works, police, and fire categories attracted males more than females.

A total of 42 complaints regarding discrimination in employment have been filed by 40 individuals against the city since December 31, 1971. They were filed with the Des Moines human rights commission, the Iowa Civil Rights Commission, and the U.S. Equal Employment Opportunity Commission (EEOC).

The following schedule identifies the basis and issue of the complaints by level of agency with which they were filed.

<u>Complaint</u>	<u>Agency with which the 42 complaints were filed</u>			
	<u>City</u>	<u>State</u>	<u>Federal</u>	<u>Total</u>
Basis:				
Race	4	9	8	21
National origin	5	5	5	15
Sex	1	8	9	18
Sex and race	-	2	3	5
Not identified	<u>-</u>	<u>1</u>	<u>1</u>	<u>2</u>
Total	<u>10</u>	<u>25</u>	<u>26</u>	<u>a/61</u>
Issue:				
Hiring	7	12	8	27
Discharge	2	8	7	17
Promotion	1	3	6	10
Wages	-	-	2	2
Other	<u>-</u>	<u>2</u>	<u>3</u>	<u>5</u>
Total	<u>10</u>	<u>25</u>	<u>26</u>	<u>a/61</u>

a/ Some complaints were filed with more than one agency.

Of the 15 cases closed to date, 3 were by withdrawal of the complaint, 3 were administratively closed, 5 were closed with a finding of no probable cause for discrimination, and 4 were closed with an agreement by the city to take specific action. The remaining complaints were pending at the agencies with which they were filed.

Ten of the 42 complaints filed related to the fire department and police department. Of these, 7 concerned the

height and weight restrictions for employment, and a determination had not yet been made as to whether these restrictions constituted discrimination. Despite the relatively low results for these departments in hiring minorities, there were no complaints registered specifically alleging discrimination in the departments' hiring or promotion practices.

No suits alleging discriminatory employment practices in activities wholly or partially funded with revenue sharing were pending against the city. Also, there were no administrative orders or judicial decrees against the city in areas where revenue sharing funds were involved.

Efforts of the EEOC Des Moines district office have been limited to reviewing complaints filed against the city. The EEOC office was reviewing a number of these employment complaints, some of which concerned the height and weight restrictions of the fire and police departments.

Local civil rights representatives with whom we spoke had not identified any specific discriminatory employment practices by the city in the use of revenue sharing funds.

Services and capital projects

The services and capital projects funded by revenue sharing were provided and located in such a manner that there was no obvious discrimination on the basis of sex, race, or color. The fire department services the entire city, and the stations funded by revenue sharing are located where they service various groups of citizens. Recreation projects are distributed evenly throughout the city. The improvements to city hall and the municipal courts building should affect all citizens about equally.

No complaints or suits had been filed against the city alleging discrimination in the delivery of public services or in the location of capital projects financed with revenue sharing. Also, no administrative orders or judicial decrees have been issued against the city in the civil rights area where revenue sharing funds are involved. Finally, the EEOC district office was not aware of any discriminatory practices relating to services or capital projects financed by revenue sharing.

An official of a local minority organization objected to the use made of revenue sharing funds, saying that needs of "people programs" were more important than projects such as tennis courts and swimming pools. He said that minorities

were not strongly enough represented to influence such local government decisions.

DAVIS-BACON PROVISION

The Revenue Sharing Act provides that all laborers and mechanics, employed by contractors and subcontractors to work on any construction project of which 25 percent or more of the cost is paid out of the revenue sharing trust fund, shall be paid wage rates which are not less than rates prevailing for similar construction in the locality or determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended.

Office of Revenue Sharing regulations implementing this provision require that contracts exceeding \$2,000 shall contain a provision stating the minimum wages to be paid various classes of laborers and mechanics as determined by the Secretary of Labor. Further, the contract shall stipulate that the contractor shall pay wage rates not less than those stated in the specifications, regardless of any contractual relationships alleged to exist between the contractor and such laborers and mechanics. A further contract stipulation is that there may be withheld from the contractor so much of accrued payments as considered necessary by the contracting officer to pay to laborers and employees the difference between wage rates required by the contract and rates actually received.

Revenue sharing was used to fund part or all of nine construction projects under contract at June 30, 1974. All were to be financed more than 25 percent by revenue sharing and, therefore, were subject to the Davis-Bacon provision. A total of 11 contracts was involved in the 9 construction projects.

The clauses required by the Davis-Bacon provision were not incorporated in 7 of the 11 contracts. We were informed that these omissions occurred because the city engineer was not aware at the time the contracts were let that they were to be financed by revenue sharing. The city manager informed us that internal procedures have been instituted to insure that the required Davis-Bacon provisions will be incorporated in future contracts.

Under three of the four contracts containing the Davis-Bacon provisions, the city obtained data showing that wages paid conformed with the wages required. However, under the remaining contract, six contract payments had been made from April 1974 through October 1974, but wage data had not been obtained to show that required wages were being paid.

City officials stated that the Davis-Bacon provision generally does not affect the cost of city projects because the wages of the local labor market, which is unionized, are as high or higher than the wage determinations of the Department of Labor. If a contractor from outside the local labor market area were awarded a contract, it is possible that the Davis-Bacon provisions may require higher wages than normally paid by the contractor. The city engineer also stated that in the case of a small contractor, the Davis-Bacon provision would result in higher costs because the contractor might include in his bid the cost of preparing the required reports.

According to city officials, the Davis-Bacon provision did not influence the decision to use revenue sharing or other funds to finance construction projects. The officials said there was no incentive for the city to finance less than 25 percent of the project cost with revenue sharing money to circumvent the Davis-Bacon provision.

PREVAILING WAGE PROVISION

The Revenue Sharing Act provides that certain recipient employees whose wages are paid in whole or in part out of the revenue sharing trust fund shall be paid at rates which are no lower than the prevailing rates for persons employed in similar public occupations by the recipient government. The individuals covered by this provision are those in any category where 25 percent or more of the wages of all employees in the category are paid from the trust fund.

The only instance where revenue sharing funds were used to pay wages of city employees was in the fire department. For about 6 months, the department was almost totally financed with revenue sharing funds. Fire department positions were under the jurisdiction of the city civil service commission and therefore wage rates for the positions were uniformly applied.

CHAPTER 5

FINANCIAL STATUS

TREND OF FUND BALANCES

The following table shows no significant increasing or decreasing trends in the overall fund balances at the end of each of the past 5 calendar years. The operating fund balances, however, did decrease in 1970 and 1971, the 2 years prior to revenue sharing, and increased in 1972 and 1973, the first years that revenue sharing funds were received. The increase in the 1973 yearend operating fund balance was attributable to revenue sharing funds received and to expenditure reductions by the city.

<u>Fund</u>	<u>Fund balances for year ended</u>				
	<u>12-31-69</u>	<u>12-31-70</u>	<u>12-31-71</u>	<u>12-31-72</u>	<u>12-31-73</u>
	(000 omitted)				
Operating	\$ 2,456	\$ 1,624	\$ 83	\$ 787	\$ 2,328
Special revenue	886	440	740	1,349	1,501
Capital improve- ments	7,551	5,847	4,674	5,882	6,072
Other	<u>3,654</u>	<u>3,801</u>	<u>4,536</u>	<u>5,020</u>	<u>6,029</u>
Total	<u>\$14,547</u>	<u>\$11,712</u>	<u>\$10,033</u>	<u>\$13,038</u>	<u>\$15,930</u>

The policemen and firemen retirement funds were the only active retirement funds administered by the city. The balance available for payment in these funds at the end of each of the past 5 years follows.

<u>Year</u>	<u>Policemen retirement fund</u>	<u>Firemen retirement fund</u>	<u>Total</u>
1969	\$5,325,168	\$ 7,729,276	\$13,054,444
1970	5,804,282	8,397,048	14,201,330
1971	6,340,460	9,111,941	15,452,401
1972	6,891,903	9,806,268	16,698,171
1973	7,520,433	10,453,126	17,973,559

Iowa law requires an actuarial study of the funds at least every 5 years. Such studies were made of the above funds in 1951, 1956, 1962, 1967, and 1972. The 1972 study resulted in an increase in the city contribution rate, expressed as a percentage of earnable compensation, from 17.3 percent to 26.0 percent to put the system on an actuarially sound basis.

Aside from the above retirement funds, the city was making pension payments of about \$500,000 each year to firemen and policemen who retired before the current retirement fund was established. These payments were made from property tax revenue.

Remaining city employees were covered by the Iowa Public Employee Retirement System which is administered by the State.

INDEBTEDNESS

The outstanding city debt at the end of each of the past 5 calendar years, less debt service funds available, was as follows.

<u>Year</u>	<u>General obligation bonds</u>	<u>Revenue bonds</u>	<u>Urban renewal notes</u>	<u>Total</u>
----- (000 omitted) -----				
1969	\$38,027	\$10,109	\$4,557	\$52,693
1970	42,095	9,487	2,673	54,255
1971	44,526	8,808	2,627	55,961
1972	42,996	10,700	1,239	54,935
1973	42,142	9,747	2,780	54,669

About one-third of the general obligation bonds were for airport facilities. The balance applied to street, bridge, sewer, garage, and park projects.

Under normal circumstances, only the general obligation bonds would be paid from tax revenues. The revenue bonds and urban renewal notes are payable from the revenue or proceeds derived from the resultant projects.

Borrowing procedures

As a general rule, Iowa law allows Des Moines to issue bonds--either general obligation or revenue--for general or ordinary purposes without a voter referendum. Bond issues for extraordinary purposes, such as memorial halls, libraries, or auditoriums, require a voter referendum.

To issue bonds for general and ordinary purposes, the Des Moines city council must adopt a proposal to make the issuance. The council must then publish its intent and the purposes and amounts of the bonds, and then set a public hearing. In the case of general obligation

bonds, if prior to the hearing a designated number of citizens file a petition objecting to the bond issue, the matter is forwarded for a decision to the State Appeals Board, whose decision is final. In the case of revenue bonds, however, a designated number of citizens can request a voter referendum prior to the hearing date. The city council must then decide either to abandon the bond issue or call for a referendum. Notice of such referendum is required to be published in newspapers once a week for 3 weeks, and approval by 60 percent of the votes cast is required for passage.

Bond issues for extraordinary purposes require referendums and are generally initiated by petitions by a designated number of citizens requesting a referendum for such an issue. The city council must set and publicize the referendum. Passage requires 60 percent approval.

Recently city bonds were rated Aa by Moody's Investor Services, Inc. This is the second highest quality rating used by Moody's, and indicates that the bonds are judged to be of high quality by all standards.

Voter rejection has been a problem in the issuance of bonds requiring a vote in Des Moines. The one bond issue referendum held during calendar years 1971-73 was rejected by the voters. That referendum, held in October 1971, was for \$2,000,000 for construction of six fire stations. It was rejected by 63 percent of the voters and the construction was subsequently financed by Federal revenue sharing funds. In 1974 the voters rejected a \$7.5 million bond issue to expand the Veterans Memorial Auditorium.

The city has not had problems completing subscription of any bond issue. In the 1968-69 period, it failed to receive bids on a bond issue because the maximum interest rate allowed by State law at that time was too low to attract bids. However, the city did sell the bonds to local bankers.

Borrowing restrictions

State law limits the aggregate general obligation bond borrowing of the city to 5 percent of the actual value of real estate, personal property, utilities, and moneys and credits. Des Moines has consistently been below its borrowing limit.

<u>End of year</u>	<u>Debt limit</u>	<u>Applicable city debt less available sinking fund</u>
	(000 omitted)	
1969	\$93,626	\$38,027
1970	67,057	42,095
1971	73,712	44,526
1972	75,526	42,996
1973	88,426	42,142

There was no legal limit on other borrowing, such as for revenue bonds.

The city also has a self-imposed debt limit which provides that annual debt service tax levies should not exceed 25 percent of the total corporate tax levy. The city officials considered this limit a guide only. For example, in 1973 the debt service tax levy totaled 26.6 percent of the total corporate levy.

The city finance director considered the city's current fiscal condition to be excellent, citing the significant debt margin mentioned above and the high bond ratings by Moody's.

Although he anticipated the fiscal condition to remain favorable, he stated that inflation was causing the expenditure increases to exceed the revenue increases and, if no change occurred and no new revenue sources became available, he anticipated a need for a cutback in services.

TAXATION

Major taxes levied

Various forms of taxes were paid by the city's residents and businesses. Tax receipts by category for the past 5 years were as follows.

<u>Category</u>	<u>Year payable</u>				
	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>
	(000 omitted)				
General property tax	\$15,840	\$15,499	\$16,287	\$19,366	\$17,512
Moneys and credits tax	386	353	286	122	347
Mobile home tax	-	-	13	41	43
Gas franchise tax	305	311	337	340	390
Electric franchise tax	221	230	255	297	305
Bank franchise tax	-	-	147	136	163
Total	<u>\$16,752</u>	<u>\$16,393</u>	<u>\$17,325</u>	<u>\$20,302</u>	<u>\$18,760</u>

Tax revenues received by the Des Moines independent school district are from the general property tax. These receipts for the past 5 years follow.

<u>Calendar year</u>	<u>Tax receipts</u>
	(000 omitted)
1969	\$22,246
1970	25,094
1971	29,067
1972	29,341
1973	30,158

The general property tax was levied against the assessed value of real property, personal property, and utilities. The personal property levies applied mainly to industrial firms. Personal property assessments to other taxpayers were limited to boats and motors only. The assessed value of real and personal property was 27 percent of the estimated market value. The tax was collected by the county for all participating recipients. There have been no significant changes in the property tax base during the above 5-year period. The property tax mill rates for the school district and city for the past 5 years follow.

<u>Recipient</u>	<u>Mill rate for year payable</u>				
	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>
School district	58.982	68.186	77.072	70.951	72.646
City	45.227	44.812	45.707	48.974	43.119

A mobile home tax was also levied against mobile home owners in the city. It was initiated in 1971 and was based on various charges per square foot of floor space. It was collected by the county and the city received a share.

The moneys and credits tax was collected by the county; 30 percent went to the city. This tax has been changing in the past few years. In tax years payable through 1970, all moneys and credits, whether belonging to banks, finance companies, credit unions, or individuals, were taxed. Moneys and credits of the credit unions and finance companies were taxed at 5 mills while banks and individuals were taxed at 1 mill. Starting in tax year payable 1971, the moneys and credits tax was placed only on the legal and special reserves of credit unions and finance companies at 5 mills. The State then reimbursed the city for part or all of the tax lost by the change, depending on availability of funds. This accounts for the fluctuations in the amount received by the city.

The gas and electric franchise taxes were 2 percent and 1 percent, respectively, of the gross earnings of the gas and electric companies in the city. They were collected by the city. The bank franchise tax was first collected in tax year payable 1971 and was levied and collected by the State.

Taxing limitations

State law does not impose limits on the tax levy for the trust and agency fund, the tort liability fund, or the debt service fund. However, the State law does impose a maximum tax levy of 30 mills, plus 1 mill for emergency purposes, to carry out normal city functions. The maximum levy for the past 5 years is shown below. The difference between these rates and those shown above is made up of the rates used to finance the trust and agency fund, the tort liability fund, and the debt service fund.

<u>Tax year payable</u>	<u>City mill rate</u>
1969	30.933
1970	30.731
1971	30.910
1972	30.383
1973	25.682

The levies each year were near the maximum levy allowable, except for 1973. According to city officials, the levy for 1973 was reduced due to the receipt of Federal revenue sharing funds which were partly used to meet operating expenses. There were no other taxes permitted by law for operating purposes, and the city was not allowed to borrow money for operating purposes.

Family tax burden

We calculated the tax burden of city residents by assuming such things as level of income, size of family, and value of real property holdings for three hypothetical families. The table below sets forth the 1973 tax burden for families having varied tax bases. For the purpose of our example, we assumed that each of the three families depicted had four family members, had income solely from wages, and owned a home having a market value equal to 2-1/2 times the family's annual income. The annual incomes of families A, B, and C totaled \$7,500, \$12,500, and \$17,500, respectively. Families A and B each owned one automobile and used 1,000 gallons of gasoline annually. Family C owned two automobiles and used 1,500 gallons of gasoline.

<u>Tax</u>	<u>Family A</u>	<u>Family B</u>	<u>Family C</u>
City:			
General property	\$ 201	\$ 346	\$ 492
County:			
General property	151	261	371
School district:			
General property	338	583	829
State:			
Income	\$181	\$448	\$723
Sales	121	164	201
Gasoline	<u>70</u>	<u>70</u>	<u>105</u>
Total	372	682	1,029
Other taxing units:			
General property	<u>25</u>	<u>43</u>	<u>60</u>
Total	<u>\$1,087</u>	<u>\$1,915</u>	<u>\$2,781</u>
Total as percentage of income	<u>14.5</u>	<u>15.3</u>	<u>15.9</u>

For families A, B, and C, the general property tax burden was 65.8 percent, 64.4 percent, and 63.0 percent, respectively, of the total tax burden. Other minor taxes payable by a Des Moines resident include taxes on tobacco, liquor, and cigarettes.

CHAPTER 6

OTHER FEDERAL AID

FEDERAL AID RECEIVED

In addition to receiving revenue sharing funds, Des Moines received other Federal aid for various purposes. The following schedule identifies Federal funds received by program category in calendar years 1971-73 and estimated amounts to be received for calendar year 1974. Total Federal aid to the city has increased each year since 1971.

Program category	Actual			Estimated
	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>
Community development	\$2,785,976	\$2,773,000	\$ 4,932,000	\$ 5,328,000
Concentrated employment	1,445,372	1,548,144	1,367,454	1,103,000
Airport	-	-	783,687	2,106,667
Urban development	315,768	1,807,807	494,973	217,333
Streets and highways	393,628	340,009	497,378	391,333
LEAA police grants (note a)	382,044	475,301	332,018	421,334
Public works	74,046	675,600	635,286	2,521,333
Emergency employment	38,000	271,643	312,061	151,604
Health programs	60,636	169,773	175,600	283,833
Parks	-	30,734	88,312	102,666
Geocoding/geoplanning	-	-	217,538	34,000
Other	<u>132,571</u>	<u>133,098</u>	<u>207,682</u>	<u>172,667</u>
Total	<u>\$5,628,041</u>	<u>\$8,225,109</u>	<u>\$10,043,989</u>	<u>\$12,833,770</u>

a/ Law Enforcement Assistance Administration.

REDUCTIONS IN FEDERAL AID
AND IMPACT ON RECIPIENT

While total Federal funding has increased each year since 1971, funding for some individual programs has been reduced. Estimated funding for the concentrated employment program, which was financed entirely from Federal sources, shows a decline in 1974. This was mainly because the amount represented only about 9 months of activity. The Central Iowa Regional Association of Local Governments assumed trusteeship of the program in September 1974.

In some cases, the receipt of funds was dependent on the progress of program activities. For example, under the urban development program, the city received a larger amount in 1972 because projects had been sufficiently completed to allow reimbursement. While actual funds estimated to be received in 1974 were low, the city has received funding approval for about \$3 million on future year urban development projects. The decreased funding in calendar years 1973 and 1974 was therefore not attributable to funding cutbacks.

The emergency employment program funding for 1974 has been cut by the Federal Government. The city has not maintained the funding level of this activity.

The geocoding/geoplanning project was a Department of Housing and Urban Development pilot project under which funding was provided for a limited time. The city found the geocoding/geoplanning system useful and maintained the project with city funds. In 1973 and 1974, \$45,800 and about \$55,600, respectively, were programmed from the general fund for this project.

Des Moines has not used revenue sharing funds to continue or maintain any program for which Federal funding has been reduced or eliminated. The city did, however, use other city funds to continue or maintain some of these programs.

Federal funding for the Child Study Center was cut back in 1974. The city decided to maintain the same level of activity, and about \$40,000 was programmed for this activity in calendar year 1974 from city funds.

The Federal share for the LEAA program called "Police School Liaison" was reduced in 1973 and again in 1974. The city and the school district jointly maintained the program. City funding through 1974 totaled about \$203,000.

The LEAA program, which provided for a legal advisor for the police department, was initially funded by LEAA in 1972 and again at a lower level in 1974. The city chose to maintain this program, financing it with an estimated \$16,500 in 1973 and about \$8,000 in 1974.

CHAPTER 7

SCOPE OF REVIEW

Our review at Des Moines focused on discussions with the city manager, the city finance director, and other city officials. We reviewed city budget documents and accounting records.

We also contacted the Des Moines human rights commission, the Iowa Civil Rights Commission, the Federal Equal Employment Opportunity Commission, the National Association for the Advancement of Colored People, the League of Women Voters, the Polk-Des Moines Taxpayers Association, school district representatives, and an auditor representing the public accounting firm that performed the recent audit of the city records. Our review covered the period January 1, 1972 through June 30, 1974, and was made during the period October through December 1974. Our work was limited to gathering selected data relating to areas identified by the Subcommittee Chairman.

Officials of Des Moines reviewed our case study, and we considered their comments in finalizing it.

CITY GOVERNMENT WORK FORCE

DES MOINES, IOWA

AUGUST 30, 1974

Function/job category	Male				Female				Total			
	White	Black	Other	Total	White	Black	Other	Total	White	Black	Other	Total
Combined total--all functions:												
Officials	194	13	-	207	19	5	1	25	213	18	1	232
Professionals	129	-	-	129	13	2	-	15	142	2	-	144
Technicians	219	4	-	223	13	-	-	13	232	4	-	236
Protective services	447	7	1	455	17	-	-	17	464	7	1	472
Paraprofessionals	35	13	3	51	25	13	2	40	60	26	5	91
Office/clerical	17	1	-	18	153	19	-	172	170	20	-	190
Skilled craft	163	6	2	171	1	1	-	2	164	7	2	173
Service/maintenance	259	18	5	282	-	1	-	1	259	19	5	283
Total	1,463	62	11	1,536	241	41	3	285	1,704	103	14	1,821
Percent	80	3	1	84	13	3	-	16	93	6	1	100
Police protection:												
Officials	6	-	-	6	-	-	-	-	6	-	-	6
Professionals	27	-	-	27	1	-	-	1	28	-	-	28
Technicians	86	1	-	87	1	-	-	1	87	1	-	88
Protective services	206	4	-	210	10	-	-	10	216	4	-	220
Paraprofessionals	7	1	2	10	-	-	-	-	7	1	2	10
Office/clerical	3	-	-	3	28	2	-	30	31	2	-	33
Total	335	6	2	343	40	2	-	42	375	8	2	385
Percent	87	1	1	89	10	1	-	11	97	2	1	100
Fire protection:												
Officials	15	-	-	15	1	-	-	1	16	-	-	16
Professionals	60	-	-	60	-	-	-	-	60	-	-	60
Protective services	226	2	1	229	-	-	-	-	226	2	1	229
Office/clerical	-	-	-	-	3	-	-	3	3	-	-	3
Skilled craft	4	-	-	4	-	-	-	-	4	-	-	4
Total	305	2	1	308	4	-	-	4	309	2	1	312
Percent	98	1	-	99	1	-	-	1	99	1	-	100
Streets and highways:												
Officials	38	-	-	38	-	-	-	-	38	-	-	38
Professionals	2	-	-	2	-	-	-	-	2	-	-	2
Technicians	68	-	-	68	1	-	-	1	69	-	-	69
Paraprofessionals	4	-	-	4	-	-	-	-	4	-	-	4
Office/clerical	4	-	-	4	12	1	-	13	16	1	-	17
Skilled craft	73	3	2	78	-	-	-	-	73	3	2	78
Service/maintenance	78	4	-	82	-	-	-	-	78	4	-	82
Total	267	7	2	276	13	1	-	14	280	8	2	290
Percent	92	2	1	95	4	1	-	5	96	3	1	100

BEST DOCUMENT AVAILABLE

Function/job category	Male				Female				Total			
	White	Black	Other	Total	White	Black	Other	Total	White	Black	Other	Total
Natural resources:												
Officials	33	3	-	36	10	1	-	11	43	4	-	47
Professionals	1	-	-	1	-	-	-	-	1	-	-	1
Technicians	1	-	-	1	-	-	-	-	1	-	-	1
Paraprofessionals	4	8	-	12	15	2	-	17	19	10	-	29
Office/clerical	1	-	-	1	25	4	-	29	26	4	-	30
Skilled craft	22	-	-	22	1	1	-	2	23	1	-	24
Service/maintenance	63	5	1	69	-	-	-	-	63	5	1	69
Total	125	16	1	142	51	8	-	59	176	24	1	201
Percent	62	8	1	71	25	4	-	29	87	12	1	100
Financial administration:												
Officials	28	1	-	29	3	-	-	3	31	1	-	32
Professionals	19	-	-	19	5	-	-	5	24	-	-	24
Technicians	32	-	-	32	7	-	-	7	39	-	-	39
Paraprofessionals	2	-	-	2	3	-	1	4	5	-	1	6
Office/clerical	6	1	-	7	47	3	-	50	53	4	-	57
Skilled craft	7	1	-	8	-	-	-	-	7	1	-	8
Service/maintenance	20	-	-	20	-	-	-	-	20	-	-	20
Total	114	3	-	117	65	3	1	69	179	6	1	186
Percent	61	2	-	63	35	2	-	37	96	4	-	100
Sanitation and sewage:												
Officials	24	1	-	25	-	-	-	-	24	1	-	25
Technicians	4	1	-	5	2	-	-	2	6	1	-	7
Office/clerical	2	-	-	2	-	-	-	-	2	-	-	2
Skilled craft	54	2	-	56	-	-	-	-	54	2	-	56
Service/maintenance	84	6	4	94	-	-	-	-	84	6	4	94
Total	168	10	4	182	2	-	-	2	170	10	4	184
Percent	91	6	2	99	1	-	-	1	92	6	2	100
All other functions:												
Officials	50	8	-	58	5	4	1	10	55	12	1	68
Professionals	20	-	-	20	7	2	-	9	27	2	-	29
Technicians	28	2	-	30	2	-	-	2	30	2	-	32
Protective services	15	1	-	16	7	-	-	7	22	1	-	23
Paraprofessionals	18	4	1	23	7	11	1	19	25	15	2	42
Office/clerical	1	-	-	1	38	9	-	47	39	9	-	48
Skilled craft	3	-	-	3	-	-	-	-	3	-	-	3
Service/maintenance	14	3	-	17	-	1	-	1	14	4	-	18
Total	149	18	1	168	66	27	2	95	215	45	3	263
Percent	57	7	-	64	25	10	1	36	82	17	1	100

GAO note: The jobs in this appendix were categorized by the city using Federal Equal Employment Opportunity Commission definitions.

BEST DOCUMENT AVAILABLE

CITY GOVERNMENT NEW HIRES

DES MOINES, IOWA

YEAR ENDED AUGUST 30, 1974

Function/job category	Male				Female				Total			
	White	Black	Other	Total	White	Black	Other	Total	White	Black	Other	Total
Combined total--all functions:												
Officials	13	2	-	15	1	-	-	1	14	2	-	16
Professionals	14	3	-	17	12	-	1	13	26	3	1	30
Technicians	13	-	-	13	5	1	-	6	18	1	-	19
Protective services	36	-	-	36	-	-	-	-	36	-	-	36
Paraprofessionals	19	2	-	21	6	1	-	7	25	3	-	28
Office/clerical	2	1	-	3	39	4	-	43	41	5	-	46
Skilled craft	2	-	-	2	-	-	-	-	2	-	-	2
Service/maintenance	96	6	3	105	2	-	-	2	98	6	3	107
Total	195	14	3	212	65	6	1	72	260	20	4	284
Percent	69	5	1	75	23	2	-	25	92	7	1	100
Sanitation and sewage:												
Paraprofessionals	2	-	-	2	1	-	-	1	3	-	-	3
Skilled craft	1	-	-	1	-	-	-	-	1	-	-	1
Service/maintenance	44	3	2	49	-	-	-	-	44	3	2	49
Total	47	3	2	52	1	-	-	1	48	3	2	53
Percent	88	6	4	98	2	-	-	2	90	6	4	100
Financial administration:												
Officials	3	-	-	3	-	-	-	-	3	-	-	3
Professionals	3	1	-	4	3	-	1	4	6	1	1	8
Technicians	7	-	-	7	5	1	-	6	12	1	-	13
Office/clerical	1	1	-	2	11	-	-	11	12	1	-	13
Skilled craft	1	-	-	1	-	-	-	-	1	-	-	1
Service/maintenance	12	1	-	13	-	-	-	-	12	1	-	13
Total	27	3	-	30	19	1	1	21	46	4	1	51
Percent	53	6	-	59	37	2	2	41	90	8	2	100
Police protection:												
Professionals	1	-	-	1	-	-	-	-	1	-	-	1
Protective services	23	-	-	23	-	-	-	-	23	-	-	23
Paraprofessionals	7	2	-	9	1	-	-	1	8	2	-	10
Office/clerical	-	-	-	-	9	-	-	9	9	-	-	9
Total	31	2	-	33	10	-	-	10	41	2	-	43
Percent	72	5	-	77	23	-	-	23	95	5	-	100
Streets and highways:												
Officials	1	-	-	1	-	-	-	-	1	-	-	1
Professionals	2	-	-	2	-	-	-	-	2	-	-	2
Technicians	4	-	-	4	-	-	-	-	4	-	-	4
Paraprofessionals	5	-	-	5	-	-	-	-	5	-	-	5
Office/clerical	1	-	-	1	3	-	-	3	4	-	-	4
Service/maintenance	21	2	1	24	-	-	-	-	21	2	1	24
Total	34	2	1	37	3	-	-	3	37	2	1	40
Percent	85	5	2	92	8	-	-	8	93	5	2	100
Natural resources:												
Officials	1	1	-	2	1	-	-	1	2	1	-	3
Paraprofessionals	1	-	-	1	-	-	-	-	1	-	-	1
Office/clerical	-	-	-	-	2	-	-	2	2	-	-	2
Service/maintenance	12	-	-	12	-	-	-	-	12	-	-	12
Total	14	1	-	15	3	-	-	3	17	1	-	18
Percent	78	5	-	83	17	-	-	17	95	5	-	100
Fire protection:												
Protective services	13	-	-	13	-	-	-	-	13	-	-	13
Total	13	-	-	13	-	-	-	-	13	-	-	13
Percent	100	-	-	100	-	-	-	-	100	-	-	100
Other functions:												
Officials	8	1	-	9	-	-	-	-	8	1	-	9
Professionals	8	2	-	10	9	-	-	9	17	2	-	19
Technicians	2	-	-	2	-	-	-	-	2	-	-	2
Paraprofessionals	4	-	-	4	4	1	-	5	8	1	-	9
Office/clerical	-	-	-	-	14	4	-	18	14	4	-	18
Service/maintenance	7	-	-	7	2	-	-	2	9	-	-	9
Total	29	3	-	32	29	5	-	34	58	8	-	66
Percent	44	4	-	48	44	8	-	52	88	12	-	100

GAO note: The jobs in this appendix were categorized by the city using Federal Equal Employment Opportunity Commission definitions.

CITY GOVERNMENT PROMCTIONS

DES MOINES, IOWA

YEAR ENDED JUNE 30, 1974

Function/job category	Male				Female				Total			
	White	Black	Other	Total	White	Black	Other	Total	White	Black	Other	Total
Combined total--all functions:												
Officials	4	-	-	4	1	-	-	1	5	-	-	5
Professionals	5	-	-	5	2	-	-	2	7	-	-	7
Technicians	8	1	1	10	3	1	-	4	11	2	1	14
Protective services	68	1	-	69	-	-	-	-	68	1	-	69
Paraprofessionals	20	2	-	22	1	-	-	1	21	2	-	23
Office/clerical	1	-	-	1	26	3	1	30	27	3	1	31
Skilled craft	39	-	-	39	-	-	-	-	39	-	-	39
Service/maintenance	27	1	-	28	-	-	-	-	27	1	-	28
Total	172	5	1	178	33	4	1	38	205	9	2	216
Percent	79	2	1	82	15	2	1	18	94	4	2	100
Police protection:												
Protective services	47	1	-	48	-	-	-	-	47	1	-	48
Paraprofessionals	-	1	-	1	-	-	-	-	-	1	-	1
Office/clerical	1	-	-	1	9	-	-	9	10	-	-	10
Service/maintenance	1	-	-	1	-	-	-	-	1	-	-	1
Total	49	2	-	51	9	-	-	9	58	2	-	60
Percent	82	3	-	85	15	-	-	15	97	3	-	100
Sanitation and sewage:												
Technicians	1	-	-	1	-	-	-	-	1	-	-	1
Paraprofessionals	5	-	-	5	-	-	-	-	5	-	-	5
Skilled craft	23	-	-	23	-	-	-	-	23	-	-	23
Service/maintenance	20	-	-	20	-	-	-	-	20	-	-	20
Total	49	-	-	49	-	-	-	-	49	-	-	49
Percent	100	-	-	100	-	-	-	-	100	-	-	100
Financial administration:												
Officials	2	-	-	2	1	-	-	1	3	-	-	3
Professionals	1	-	-	1	2	-	-	2	3	-	-	3
Technicians	5	1	-	6	2	-	-	2	7	1	-	8
Protective services	1	-	-	1	-	-	-	-	1	-	-	1
Paraprofessionals	2	-	-	2	-	-	-	-	2	-	-	2
Office/clerical	-	-	-	-	10	1	-	11	10	1	-	11
Total	11	1	-	12	15	1	-	16	26	2	-	28
Percent	39	4	-	43	53	4	-	57	92	8	-	100
Streets and highways:												
Professionals	1	-	-	1	-	-	-	-	1	-	-	1
Technicians	1	-	-	1	1	-	-	1	2	-	-	2
Paraprofessionals	5	-	-	5	-	-	-	-	5	-	-	5
Skilled craft	11	-	-	11	-	-	-	-	11	-	-	11
Service/maintenance	5	1	-	6	-	-	-	-	5	1	-	6
Total	23	1	-	24	1	-	-	1	24	1	-	25
Percent	92	4	-	96	4	-	-	4	96	4	-	100
Fire protection:												
Protective services	19	-	-	19	-	-	-	-	19	-	-	19
Total	19	-	-	19	-	-	-	-	19	-	-	19
Percent	100	-	-	100	-	-	-	-	100	-	-	100
Natural resources:												
Officials	2	-	-	2	-	-	-	-	2	-	-	2
Paraprofessionals	1	1	-	2	-	-	-	-	1	1	-	2
Office/clerical	-	-	-	-	-	1	-	1	-	1	-	1
Skilled craft	4	-	-	4	-	-	-	-	4	-	-	4
Service/maintenance	1	-	-	1	-	-	-	-	1	-	-	1
Total	8	1	-	9	-	1	-	1	8	2	-	10
Percent	80	10	-	90	-	10	-	10	80	20	-	100
Other functions:												
Professionals	3	-	-	3	-	-	-	-	3	-	-	3
Technicians	1	-	1	2	-	1	-	1	1	1	1	3
Protective services	1	-	-	1	-	-	-	-	1	-	-	1
Paraprofessionals	7	-	-	7	1	-	-	1	8	-	-	8
Office/clerical	-	-	-	-	7	1	1	9	7	1	1	9
Skilled craft	1	-	-	1	-	-	-	-	1	-	-	1
Total	13	-	1	14	8	2	1	11	21	2	2	25
Percent	52	-	4	56	32	8	4	44	84	8	8	100

GAO note: The jobs in this appendix were categorized by the city using Federal Equal Employment Opportunity Commission definitions.

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