

# Sources of Revenues and Types of Expenditures

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# Session Overview

- Major sources of revenue for the general fund
- A closer look at taxes
- Common special revenue funds & uses
- Grant funds & conditions
- Types of expenditures and benchmarks

# General Fund Revenues

## Property Taxes – Ad Valorem Taxation

### Fiscal Year 2020

Home Value	\$ 100,000
Tax Rate per \$100	\$ 0.50
Tax Levy	\$ 500.00

### Fiscal Year 2021

Home Value	\$ 105,000
Tax Rate per \$100	\$ 0.50
Tax Levy	\$ 525.00

No New Revenue Tax Rate – rate that generates the same tax levy as year before. Ex: \$.47619

# General Fund Revenues

## Property Taxes – One more example

### Fiscal Year 2020

Home Value	\$ 100,000.00
Tax Rate per \$100	\$ 0.50
Tax Levy	\$ 500.00

### Fiscal Year 2021

Home Value	\$ 100,000.00
New Home	\$ 100,000.00
Tax Rate per \$100	\$ 0.50
Tax Levy	\$ 1,000.00

New value is excluded from no new revenue tax rate calculation

# Property Taxes

- Read all about it – Tax Code, Chapter 26
- Truth in taxation
  - Guide by the State Comptroller
  - Publications & Hearings
- Voter Approval rate
  - 3.5% above the no new revenue rate

# Sales Taxes

- Local sales & use taxes – Tax Code, Chapter 323
- Not all counties collect it, or can collect it
- Volatility
- Effect on property tax rate
  - Increases in sales tax collections lower the property tax rates!

# Fees & Fines

- Fees – statutes set the fees that each official may charge for specific services & duties
- Fines – statutes give authority for officials to assess and set amounts (within parameters)
  - Justice Courts, County Courts, District Courts
- Collections
  - Develop a plan to insure legal, correct, & timely collections

# Investment Income

- Comply with the Public Funds Investment Act
  - Training highly encouraged
  - Have a formal investment policy
  - Get regular reports from your investment officer
  - Participate in investment committee
- Focus on safety, not necessarily return

# Debt Proceeds

- Borrowing money
  - Limited methods available (general obligation bonds, certificates of obligations, tax notes)
  - Use in a timely fashion & for the intended purpose
  - Investing borrowed money
    - Have a structured timeline
    - Be mindful of arbitrage
- Listen to financial advisors and bond counsel

# Fund Balance

- Not a revenue, but a funding source that can be built over time
- Reserves – how much should you have?
- Best used on “one-time” purchases
  - Do not rely upon for recurring expenses

# Common Special Revenues

- Special Revenue – revenue collected to be used for a specific purpose, and nothing else; usually set aside in a separate fund.

## Examples:

- Road & bridge funds
- Courthouse security funds
- Technology funds
- Records & archive funds

# Road & Bridge Funds

- Transportation Code, Chapter 256
- County road & bridge fund fee
- Add on fees
- Supplement with general fund?

# Grants

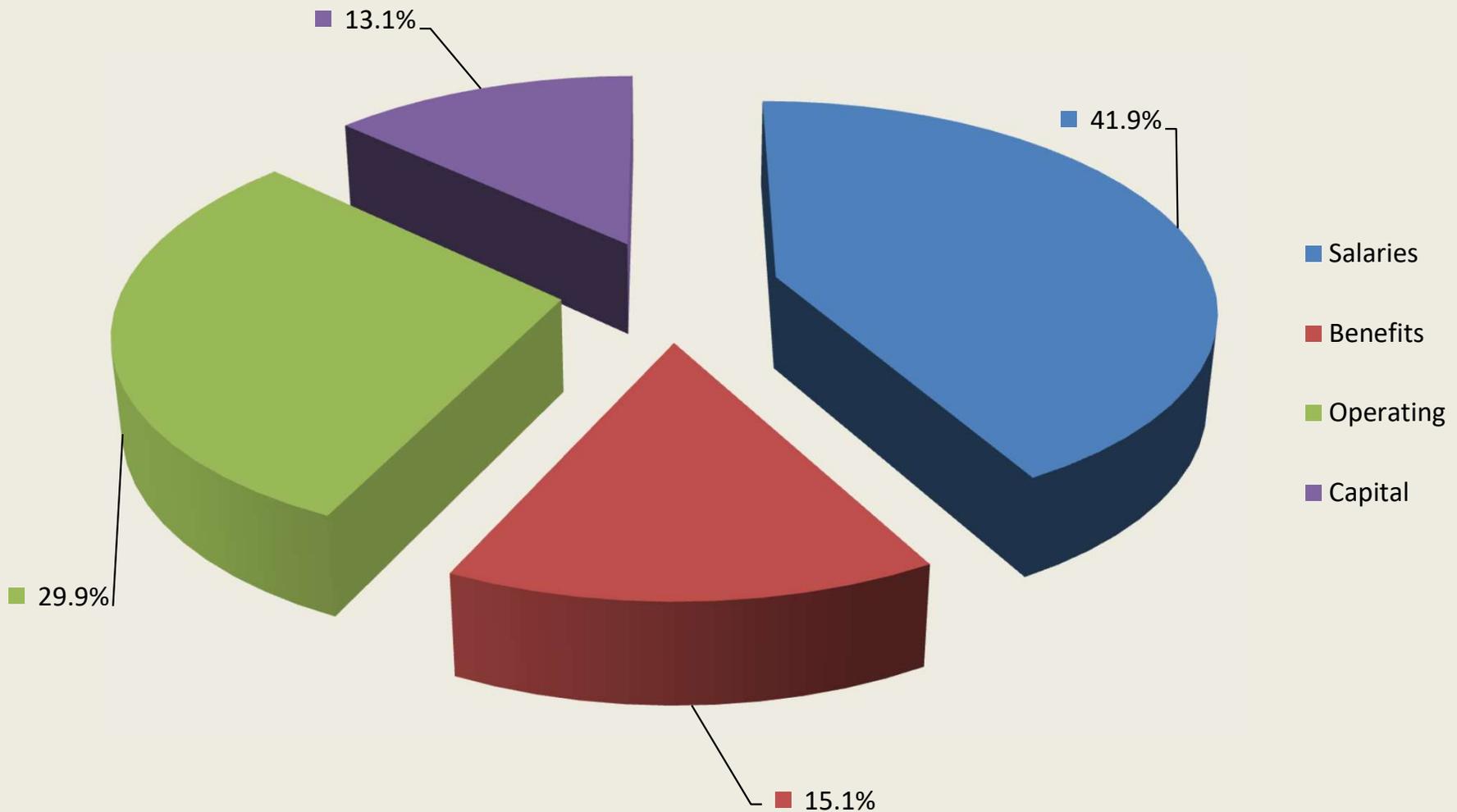
- Each comes with rules & regulations
  - Consider the source – federal, state, non-profit
  - UGMS
- Only the Commissioners Court can authorize
- Most are designed to diminish over time
  - Consider the long term impacts once the grant ends
- Matching funds – cash vs. in-kind
- Administrative burden

# Types of Expenditures

- County government is a service provider
- Types of services and examples
  - Mandatory
  - Required
  - Optional
- Must have constitutional or statutory authority to provide the services

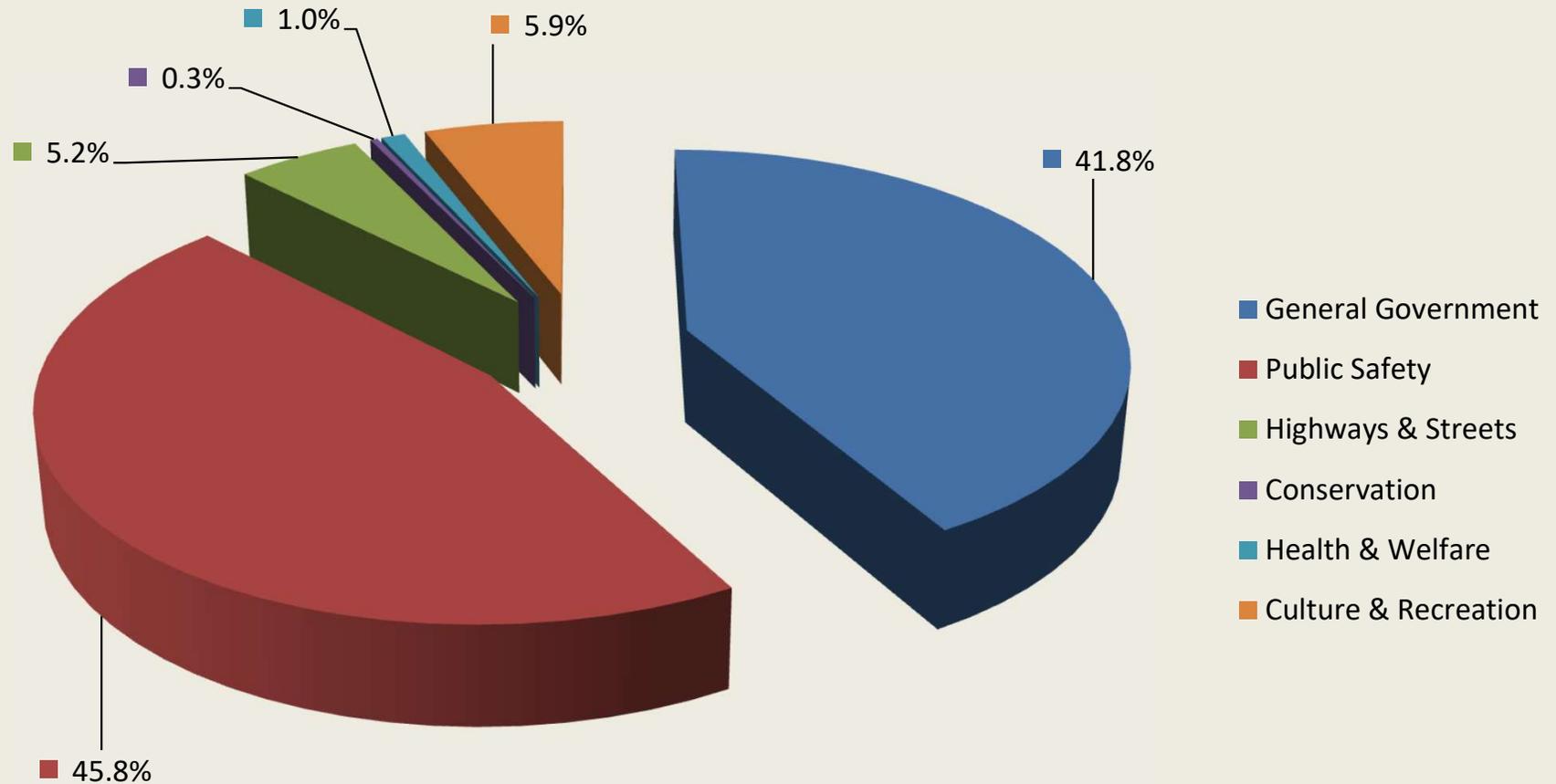
# Expenditures by Class

## Tom Green County – general fund



# Expenditures by Function

## Tom Green County – general fund



# Expenditure Controls

- What level of service do we have to provide?
  - Budgetary decision
    - Determine your priorities
    - Determine what you can afford
- Who's in charge of how the money is spent?
  - Commissioners court in most instances
  - Some officials have discretion outside of your control to spend certain special revenue funds
- Can we outsource?

# Closing

- Review of session
- Questions?
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