

Sources of Revenues and Types of Expenditures

Nathan Cradduck
Tom Green County Auditor

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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

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General Fund Revenues Property Taxes – Ad Valorem Taxation

Fiscal Year 2020		Fiscal Year 2021	
Home Value	\$ 100,000	Home Value	\$ 105,000
Tax Rate per \$100	\$ 0.50	Tax Rate per \$100	\$ 0.50
Tax Levy	\$ 500.00	Tax Levy	\$ 525.00

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

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General Fund Revenues Property Taxes – One more example

Fiscal Year 2020		Fiscal Year 2021	
Home Value	\$ 100,000.00	Home Value	\$ 100,000.00
		New Home	\$ 100,000.00
Tax Rate per \$100	\$ 0.50	Tax Rate per \$100	\$ 0.50
Tax Levy	\$ 500.00	Tax Levy	\$ 1,000.00

New value is excluded from no new revenue tax rate calculation

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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

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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!

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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

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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

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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

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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

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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

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Road & Bridge Funds

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

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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

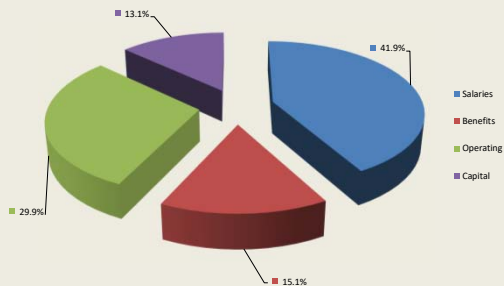
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Types of Expenditures

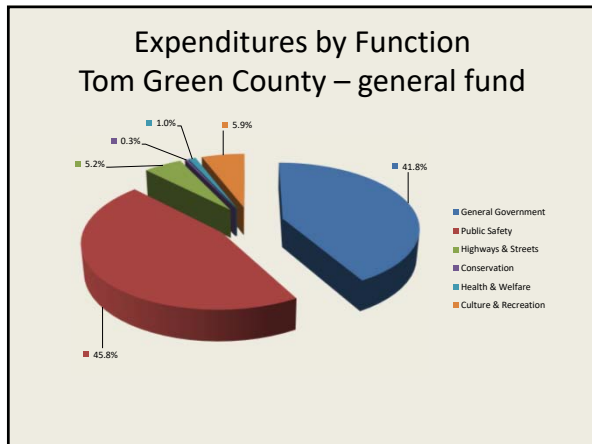
- County government is a service provider
- Types of services and examples
 - Mandatory
 - Required
 - Optional
- Must have constitutional or statutory authority to provide the services

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Expenditures by Class
Tom Green County – general fund



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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?

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Closing

- Review of session
- Questions?
- Contact information
 - Nathan Craddock, County Auditor
 - Tom Green County
 - 325-659-6521
 - www.co.tom-green.tx.us

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