



Special Revenue Funds



Overview- SPECIAL REVENUE FUNDS

The National Committee on Governmental Accounting's statement 1, paragraph 3 states in part, that special revenue funds may be used to "account for the proceeds of specific revenue sources (other than... for major capital projects) that are legally restricted to expenditure for specified purposes". Funds budgeted in this section of the 2007-08 Budget of Operations for the City of Kyle include six such funds. Each fund is detailed in the following pages and includes a brief description of the source of revenue and eligible expenditures, a table of revenue and expenditures both historical, current and proposed. The format of this section differs from the former three in that there are no consistent major categories of expenditures as are found in the general fund and enterprise funds. Each of the special revenue funds has distinct sources of revenue as well as unique objects of expenditures. Another feature that makes them different from other operating funds is the fact that they depend from time to time on fund balances rather than current operating revenue to finance expenditures.

For these reasons, each table for each fund in this section is divided into three parts. The top portion of the table contains revenue data, the second (middle) section contains information on actual expenditures in the first two columns, the amount originally adopted and a re-estimate for the current year are found in the next two columns. The final column shows proposed appropriations for 2007-08. The bottom portion of the table attempts to track the available fund balances beginning with 2004-05 through the estimated balance through 2007-08. This method of reporting allows deficit spending for current operating revenue and expenses as long as the ending fund balance is a positive amount. By the same token, any unspent revenue at the end of the year is returned to the fund balance at the end of year and then carried forward for possible use in the following year.

Beginning on the following page, budgetary information is provided for each of the following funds:

- Economic Development Fund
- RSI Development Fund
- Police Seizure Fund
- Police Special Revenue Fund
- Court Special Revenue Fund
- Hotel Motel Occupancy Tax Fund

Economic Development Fund

The Economic Development Fund was created in the 2003-04 Fiscal Year. Its purpose was to provide financial support for businesses wishing to expand their operations or initiating improvement projects that would revitalize the downtown area or bring new businesses to Kyle that would create new jobs and bolster the local economy.

Estimated Revenue, Appropriations by Line Item of Expenditure and Projected Fund Balances

Revenue	2004-05	2005-06	2006-07		2007-08
	Actual	Actual	Adopted	Re-estimate	Proposed
Transfer In - From Planning and Dev Fund	125,000	120,000	-	70,000	-
Interest Earned	3,117	6,994	-	7,832	2,500
Misc. Revenue	-	-	-	7	-
<i>Subtotal</i>	128,117	126,994	-	77,839	2,500
Total Revenue	128,117	126,994	-	77,839	2,500
Expenditures					
Business Revitalization Grants	34,862	37,080	-	17,000	25,000
Bank Charges	92	33	-	-	-
<i>Subtotal</i>	34,954	37,113	-	17,000	25,000
Transfers Out-					
Transfer to RSI Fund	-	-	-	30,000	100,000
<i>Subtotal</i>	-	-	-	30,000	100,000
Total Expend./ Transfers Out	34,954	37,113	-	47,000	125,000
Current Year Fund Balance				30,839	(122,500)
Prior Year Fund Balance				283,045	313,884
Ending Fund Balance				313,884	191,384

Comments on significant changes proposed for 2007-08

Because of the recent slowdown in housing starts, support for the economic development program is diminishing. This is reflected in the lesser amount expected to be transferred for this fiscal year as well as the coming fiscal year. This budget also contemplates use of some of the existing fund balance to support a significant economic development project that should begin to pay substantial dividends in the future.

RSI Development Fund

This fund was set up in the middle of the 2006-07 fiscal year to provide a means of tracking expenses and in the future, collecting reimbursements from RSI if it fails to meet the requisite targets.

Estimated Revenue, Appropriations by Line Item of Expenditure and Projected Fund Balances

	2004-05 Actual	2005-06 Actual	2006-07 Adopted	Re- estimate	2007-08 Proposed
Revenue					
Transfer In -From Eco. Develop.	-	-	-	30,000	100,000
Transfer In -From Gen. Fund.	-	-	-	250,000	-
Re-payment of Loan	-	-	-	-	-
Interest Earned	-	-	-	-	-
<i>Subtotal</i>	-	-	-	280,000	100,000
Total Revenue	-	-	-	280,000	100,000
Expenditures					
<i>Services and Other Charges</i>					
Legal Services	-	-	-	2,000	-
Engineering Fees	-	-	-	28,000	-
<i>Subtotal</i>	-	-	-	30,000	-
<i>Capital Outlay</i>					
Capital Grant Land	-	-	-	250,000	-
Capital Grant Equipment	-	-	-	-	100,000
<i>Subtotal</i>	-	-	-	250,000	100,000
Total Expenditures	-	-	-	280,000	100,000
Current Year Fund Bal.	-	-	-	-	-

Comments on significant changes proposed for 2007-08

The grant of land for the project is accounted for in 2006-07, with the second grant for equipment planned to be disbursed in 2007-08.

Police Seizure Fund

State statutes authorize the acquisition and use of seized funds. Subsection c. of the CODE OF CRIMINAL PROCEDURE, CHAPTER 59. Art. 59.06. states "If a local agreement exists between the attorney representing the state and law enforcement agencies, all money, securities, negotiable instruments, stocks or bonds, or things of value, or proceeds from the sale of those items, shall be deposited, after the deduction of court costs to which a district court clerk is entitled under Article 59.05(f), according to the terms of the agreement into one or more of the following funds:

(2) a special fund in the municipal treasury if distributed to a municipal law enforcement agency, to be used solely for law enforcement purposes, such as salaries and overtime pay for officers, officer training, specialized investigative equipment and supplies, and items used by officers in direct law enforcement duties". The Police Seizure is designed to comply with state law as regards collection and use of seized funds.

Estimated Revenue, Appropriations by Line Item of Expenditure and Projected Fund Balances

	2004-05	2005-06	2006-07		2007-08
	Actual	Actual	Adopted	Amend #2	Proposed
Revenue					
Interest Earned	449	832	-	600	581
Refund Reimbursement	-	-	-	102	-
Transfer from Gen Fund	20,432	-	-	-	-
Seizure Revenue	67,634	553	-	323	323
Total Revenue	88,515	1,385	-	1,025	904
Expenditures					
Guns and Ammunition	5,130	4,026	-	2,000	5,000
Warranty	-	2,000	-	-	-
Small Equip & Tool		6,788	-	-	-
Bank Charges	73	-	-	-	-
Non-capital Outlay	-	1,923	-	24,721	-
Total Expenditures	5,203	14,737	-	26,721	5,000
Current Fund Balance				(25,696)	(4,096)
Prior Year Fund Bal.				46,446	20,750
Ending Fund Balance		46,446		20,750	16,654

Comments on significant changes proposed for 2007-08

This fund is normally used to purchase ammunition or other minor equipment. In 2007 it was used to purchase laptop computers. The ending unencumbered balance is estimated to be \$16,757.

Police Special Revenue Fund

This fund is used to account for grant funds from the State (LEOSE) and contributions from citizens for specific purposes related to Police Department Programs. Section 1701.157 of the State Occupation Code directs the State Comptroller to distribute funds collected for the "Law Enforcement Officer Standards and Education" (LEOSE) account to qualified law enforcement agencies. Funds are used to provide necessary training to full-time, fully paid law enforcement support personnel. Two locally created voluntary contribution programs collect funds for Law Enforcement Appreciation Day (LEAD) and the Blue Santa Christmas program.

Estimated Revenue, Appropriations by Line Item of Expenditure and Projected Fund Balances

Revenue	2004-05	2005-06	2006-07		2007-08
	Actual	Actual	Adopted	Amend #2	Proposed
LEOSE Revenue	1,737	1,247	-	1,543	1,850
LEAD Grant Revenue	2,700	2,450			
Blue Santa Funds	1,018	859	-	1,020	1,200
Total Revenue	5,455	4,556	-	2,563	3,050

Expenditures

LEOSE Expenditures	-	1,754	-	2,660	6,780
LEAD Expenditures	2,685	2,441	-	325	2,628
Blue Santa Expenditures	1,500	174	-	444	2,897
Total Expenditures	4,185	4,369	-	3,429	12,305

Current Year Ending Bal.				(866)	(9,255)
Prior Year Fund Balance				10,121	9,255
Ending Fund Balance				9,255	-

Detail of Fund Balances available 2007-08	<u>Beginning :</u>	<u>Ending:</u>
LEOSE	\$ 4,930	\$ -
LEAD	\$ 2,628	\$ -
Blue Santa	\$ 1,697	\$ -
Total	\$ 9,255	\$ -

Comments on significant changes proposed for 2007-08

The LEOSE Fund balance will be used to increase the training budget for 2007-08 over previous years. Because the LEAD program has been suspended, all of the remaining balance will be spent in 2007-08 essentially closing out this account.

Court Special Revenue Fund

Code of Criminal Procedure Subchapter A Article 102.017. COURT COSTS; COURTHOUSE SECURITY FUND; *"The governing body of a municipality by ordinance may create a municipal court building security fund and may require a defendant convicted of a misdemeanor offense in a municipal court to pay a \$3 security fee as a cost of court..... A fund designated by this subsection may be used only to finance security personnel for a district, county, justice, or municipal court, as appropriate, or to finance items when used for the purpose of providing security services for buildings housing a district, county, justice, or municipal court, as appropriate, including....."* On February 15, 2000 the City Council passed Ordinance 348 authorizing the collection of a \$3.00 security fee for misdemeanor offenses adjudicated in the City of Kyle.

Art. 102.0172. COURT COSTS; MUNICIPAL COURT TECHNOLOGY FUND. (a) *"The governing body of a municipality by ordinance may create a municipal court technology fund and may require a defendant convicted of a misdemeanor offense in a municipal court or municipal court of record to pay a technology fee not to exceed \$4 as a cost of court. d) A fund designated by this article may be used only to finance the purchase of or to maintain technological enhancements for a municipal court or municipal court of record"*.

On February 15, 2000 the City Council passed Ordinances 348 and 347 authorizing the collection of a \$4.00 Technology fee for misdemeanor offenses adjudicated in the City of Kyle and authorizing the collection of a \$3.00 security fee.

In addition to the "security" and "technology" funds, the City collects fees for "Child Safety" and "Judicial Training" as authorized by the State Code. These are lesser amounts than the other two but nevertheless are restricted in their use. The table on the following page showing the summary revenue and expenses for these accounts also includes a breakdown of the fund balances expected to be available at the end of the 2007-08 fiscal year.

Court Special Revenue Fund (cont.)**Estimated Revenue, Appropriations by Line Item of Expenditure and Projected Fund Balances**

Revenue	2004-05	2005-06	2006-07		2007-08
	Actual	Actual	Amend #1	Amend #2	Proposed
Technology Fees	13,747	14,469	2,625	10,500	12,000
Judicial Fee	-	907	329	1,200	900
Security Fee	10,311	10,848	1,969	7,500	8,500
Child Safety Fee	-	225	187	300	200
Total Revenue	24,058	26,449	5,110	19,500	21,600

Expenditures

Technology	5,509	4,484	1,509	18,950	18,500
Security	-	50	-	950	5,000
Judicial Training	-	-	-	-	1,000
Child Safety	-	-	-	-	-
Total Expend.	5,509	4,534	1,509	22,450	24,500

Fund Balances (All):

Current Year				(2,950)	(2,900)
Prior Year				68,786	65,836
Ending				65,836	62,936

Detail of Fund Balances available 2007-08

	<u>Beginning :</u>	<u>Ending:</u>
Security	\$33,685	\$37,185
Technology	\$29,174	\$22,674
Judicial Training	\$ 2,142	\$ 2,042
Child Safety	\$ 835	\$ 1,035
Total	\$ 65,836	\$ 62,936

Comments on significant changes proposed for 2007-08

Technology appropriations for 2007-08 propose acquisition of new court administration software. The \$5,000 proposed for use of security funds includes installation of security cameras for the court and administrative work station.

Hotel Motel Occupancy Tax Fund

Chapter 351 of the Tax Code for the State of Texas permits the levying of a tax upon the cost of occupancy of any sleeping room furnished by any hotel or motel, where the cost of the occupancy is at the rate of \$2.00 or more per day. The statute also limits the use of funds collected under this law to eligible activities and projects that will benefit the residents and promote tourism and the convention and hotel industry within the City of Kyle. On October 3, 2000, the City Council adopted Ordinance 365 which authorized the levying of such a tax. The tax rate was set at 7% of charges for lodging.

Estimated Revenue, Appropriations by Line Item of Expenditure and Projected Fund Balances

Revenue	2004-05	2005-06	2006-07		2007-08
	Actual	Actual	Adopted	Amend #2	Proposed
Hotel Motel Occupancy Tax	158,750	75,923	-	100,000	115,000
Interest Earnings	1,724	7,046	-	7,500	8,500
Total Revenue	160,474	82,970	-	107,500	123,500
Expenditures					
Tourism	-	47,545	-	3,290	3,290
Contribution - Chamber of Comm.	-	1,993	-	70,000	-
Total Expenditures	-	49,538	-	73,290	3,290
Current Year Ending Bal.	160,474	33,431		34,210	120,210
Prior Year Fund Balance	-	160,474		193,905	228,115
Ending Fund Balance	160,474	193,905		228,115	348,325

Comments on significant changes proposed for 2007-08

The \$70,000 reduction in appropriations from 06-07 to the coming fiscal year was the result of a one time contribution to the Chamber of Commerce of \$70,000 in 2006-07.