

## **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". This section of the City of Kyle 2008-09 Budget of Operations includes 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 which shows historical, current and proposed values. Since there are no consistent major categories of expenditures as are found in the General Fund, Enterprise Funds, and Debt Service Fund, the format of this section differs from those formats. 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, and the final column shows proposed appropriations for 2008-09. The bottom portion of the table attempts to track the available fund balances beginning with 2005-06 through the estimated balance for 2008-09. 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 is 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	2005-06	2006-07	2007-08		2008-09
	Actual	Actual	Adopted	Re-estimate	Proposed
Transfer In - From Planning and Dev Fund	120,000	70,000	-	-	-
Interest Earned	6,994	8,092	2,500	2,500	4,000
Misc. Revenue	-	7	-	-	-
<i>Subtotal</i>	126,994	78,099	2,500	2,500	4,000
<b>Total Revenue</b>	126,994	78,099	2,500	2,500	4,000
<b>Expenditures</b>					
Business	37,080	16,440	-	-	25,000
Revitalization Grants					
Bank Charges	33	-	-	-	-
<i>Subtotal</i>	37,113	16,440	-	-	25,000
<b>Transfers Out-</b>					
Transfer to RSI Fund	-	-	-	-	-
<i>Subtotal</i>	-	-	-	-	-
<b>Total Expend./ Transfers Out</b>	37,113	16,440	-	-	25,000
Current Fund Balance	89,881	61,659		2,500	(21,000)
Prior Year Fund Bal.	193,164	283,045		344,704	347,205
Ending Fund Balance	283,045	344,704		347,205	326,205

### Comments on significant changes proposed for 2008-09

Because of the slowdown in housing starts, support for the economic development program has been diminishing. Business Revitalization Grants are budgeted for 2008-09 so funds will be available if the economy turns around. 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

Revenue	2005-06	2006-07	2007-08		2008-09
	Actual	Actual	Adopted	Re-estimate	Proposed
Transfer In -From Eco.	-	-	100,000	100,000	100,000
Transfer In -From Gen.	-	-	-	-	-
Re-payment of Loan	-	-	-	-	-
Interest Earned	-	-	-	-	-
<i>Subtotal</i>	-	-	100,000	100,000	100,000
<b>Total Revenue</b>	-	-	100,000	100,000	100,000
<b>Expenditures</b>					
<i>Services and Other</i>					
Legal Services	-	338	-	-	-
Engineering Fees	-	40,902	-	-	-
<i>Subtotal</i>	-	41,240	-	-	-
<i>Capital Outlay</i>					
Capital Grant Land	-	251,444	-	-	-
Capital Grant Equipment	-	-	100,000	100,000	-
<i>Subtotal</i>	-	251,444	100,000	100,000	-
<b>Total Expenditures</b>	-	292,684	100,000	100,000	-
Current Fund Balance		(292,684)		-	100,000
Prior Year Fund Bal.		-		(292,684)	(292,684)
Ending Fund Balance		(292,684)		(292,684)	(192,684)

### Comments on significant changes proposed for 2008-09

The grant of land for the project is accounted for in 2006-07 and all reimbursement requests related to equipment acquisition were paid during FY 2007-08. No significant changes noted for 2008-09.



## 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

	2005-06 Actual	2006-07 Actual	2007-08		2008-09 Proposed
			Adopted	Re-estimate	
<b>Revenue</b>					
Interest Earned	832	773	581	581	600
Refund Reimbursement	-	102	102	102	100
Transfer from Gen Fund	-		-	-	
Seizure Revenue	553	11,634	323	323	300
<b>Total Revenue</b>	<b>1,385</b>	<b>12,509</b>	<b>1,006</b>	<b>1,006</b>	<b>1,000</b>
<b>Expenditures</b>					
Guns and Ammunition	4,026		5,000	5,000	6,000
Warranty	2,000		-	-	-
Small Equip & Tool	6,788		-	-	-
Bank Charges	-	15	-	-	-
Capital Outlay	-	11,311	-	-	-
Non-capital Outlay	1,923	24,721	-	-	-
<b>Total Expenditures</b>	<b>14,737</b>	<b>36,047</b>	<b>5,000</b>	<b>5,000</b>	<b>6,000</b>
Current Fund Balance	(13,352)	(23,538)		(3,994)	(5,000)
Prior Year Fund Bal.	83,312	69,960		46,422	42,428
Ending Fund Balance	69,960	46,422		42,428	37,428

### Comments on significant changes proposed for 2008-09

This fund is normally used to purchase ammunition or other minor equipment. In 2007 it was used to purchase laptop computers.

### 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. One locally created voluntary contribution program collects funds the Blue Santa Christmas program.

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

	2005-06	2006-07	2007-08		2008-09
	Actual	Actual	Adopted	Re-estimate	Proposed
<b>Revenue</b>					
LEOSE Revenue	1,247	1,542	1,850	1,850	1,900
LEAD Grant Revenue	2,450	437			
Blue Santa Funds	859	1,020	1,200	1,200	300
<b>Total Revenue</b>	4,556	2,999	3,050	3,050	2,200
<b>Expenditures</b>					
LEOSE Expenditures	1,754	2,660	6,780	7,500	2,200
LEAD Expenditures	2,441	325	2,628	-	-
Blue Santa Expenditures	174	444	2,897	-	-
<b>Total Expenditures</b>	4,369	3,429	-	7,500	2,200
Current Fund Balance	187	(430)		(4,450)	-
Prior Year Fund Bal.	10,121	10,308		9,878	5,428
Ending Fund Balance	10,308	9,878		5,428	5,428
Detail of Fund Balances available 2008-09			Beginning:	Ending:	
			Unallocated	(\$4,693)	(\$4,693)
			LEOSE	\$2,953	\$2,953
			LEAD	\$6,048	\$6,048
			Blue Santa	\$1,120	\$1,120
			Total	\$5,428	\$5,428

### Comments on significant changes proposed for 2008-09

The LEOSE Fund balance was used to increase the training budget for 2007-08 over previous years but for 2008-09 training will be paid mainly from General Fund. Since the LEAD program has been suspended, all of the remaining balance will be spent in 2008-09 to close 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 2008-09 fiscal year.

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

Revenue	2005-06	2006-07	2007-08		2008-09
	Actual	Actual	Adopted	Re-estimate	Proposed
Technology Fees	14,469	10,773	12,000	8,000	10,000
Judicial Fee	907	1,362	900	900	1,000
Security Fee	10,848	8,769	8,500	7,000	7,500
Child Safety Fee	225	291	200	200	200
<b>Total Revenue</b>	<b>26,449</b>	<b>21,195</b>	<b>21,600</b>	<b>16,100</b>	<b>18,700</b>

**Expenditures**

Technology	4,484	18,461	18,500	20,000	18,000
Security	50	2,183	5,000	-	5,000
Judicial Training	-	150	1,000	100	250
Child Safety	-	-	-	-	-
<b>Total Expend.</b>	<b>4,534</b>	<b>20,794</b>	<b>24,500</b>	<b>20,100</b>	<b>23,250</b>

**Fund Balances:**

Current Fund Balance	21,195	401		(4,000)	(4,550)
Prior Year Bal.	46,870	68,065		68,466	64,466
Ending Fund Bal.	68,065	68,466		64,466	59,916

Detail of Fund Balances available 2008-09:  
Ending:

Beginning:

Unallocated	(\$4,320)	(\$8,870)
Security	\$28,915	\$28,195
Technology	\$38,420	\$38,420
Judicial Training	\$907	\$907
Child Safety	\$544	\$544
<b>Total</b>	<b>\$64,466</b>	<b>\$59,916</b>

**Comments on significant changes proposed for 2008-09**

New court administration software was acquired during 2007-08. Installation of security cameras for the court and administrative work station (\$5,000 expense in Security) was expected to occur during 2007-08 but was postponed until 2008-09.

### 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	2005-06	2006-07	2007-08		2008-09
	Actual	Actual	Adopted	Re-estimate	Proposed
Hotel Motel Occupancy Tax	75,923	82,171	115,000	115,000	120,000
Interest Earnings	7,046	9,948	8,500	8,500	7,000
<b>Total Revenue</b>	<b>82,970</b>	<b>92,119</b>	<b>123,500</b>	<b>123,500</b>	<b>127,000</b>
<b>Expenditures</b>					
Tourism	47,545	-	3,290	3,290	5,000
Contribution - Chamber of Comm.	1,993	-	107,000	107,000	110,000
<b>Total Expenditures</b>	<b>49,538</b>	<b>-</b>	<b>110,290</b>	<b>110,290</b>	<b>115,000</b>
Current Fund Balance	33,431	92,119		13,210	12,000
Prior Year Fund Balance	160,474	193,905		286,024	299,234
Ending Fund Balance	193,905	286,024		299,234	311,324

### Comments on significant changes proposed for 2008-09

No significant changes are expected in 2008-09. The transfer to the Chamber of Commerce is expected again for 2008-09.

