The annual budget is the top financial responsibility for local governments. This guide is designed to help you develop accounting procedures custom-fit to your county’s needs. It can help you provide taxpayers with a clear picture of where the money goes. You can use it to identify the best strategies to get a jumpstart on next year’s budget process and engage the public every step of the way. Let it help you develop a budget that goes beyond bare numbers and acts as a barometer for your county’s financial health.
Foreword

Under state law (Section 112.003, Local Government Code), the Comptroller of Public Accounts is authorized to prescribe and prepare forms and determine the manner in which county officials collect and disburse public funds. (See Appendix A.)

The *Budgeting Handbook for Texas Counties* is designed to help counties improve their accounting and financial reporting.
Acknowledgements

The Comptroller’s office appreciates the contributions of the following individuals who contributed time and expertise to the publication of the 2010 Budget Handbook for Texas Counties. Contributors from the Comptroller’s office included Ginger Lowry, Project Manager and Michelle Luera (Economic Development & Analysis), Jennifer Paris (Fiscal Management), Gerard MacCrossan (Data Services) and Michael Villanueva (Document Management). Special thanks also goes to Paul Sugg at the Texas Association of Counties for coordinating a review by county officials from across the state.
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Chapter 1

Budgeting Standards

Texas county government and the laws that govern it are complex and subject to interpretation. This document should be used as a budget guide in addition to adhering to applicable laws pursuant to Local Government Code, Chapter 111, Subchapters A, B or C to ensure legal compliance. In light of this fact, no attempt has been made to prescribe which county office should perform a specific function, unless prescribed by law. The division of specific functions among county offices is left to local governments’ discretion based on their interpretation of the relevant statutes.

Comptroller’s Standards

In addition to statutorily required budget contents applicable to counties, the procedures described in the Budgeting Handbook for Texas Counties conform to the minimum accounting and financial management standards established by the Comptroller of Public Accounts. The standards are fairly broad and allow counties to develop the financial procedures that best suit their needs. The intent is not to require a specific set of procedures or a particular accounting system for any county. There are numerous ways to meet the standards, and many counties have systems that are in complete or substantial compliance. The standards should serve as a yardstick for counties to judge their current systems and as a guide for developing more effective procedures if changes are needed. In any case, all counties regardless of the type of accounting and financial management systems employed must meet the minimum requirements contained in the standards.

The budgeting and related financial management procedures are models that each county may adopt or adapt to its own requirements. The model systems are presented in conjunction with the standards as an example for those county officials who wish to improve their financial systems but are uncertain how to go about making changes.

Minimum Budgeting Standards

These minimum standards are based on generally accepted governmental accounting principles and are intended to promote sound financial practice among counties. There is no single way to comply with the standards. Many approaches are acceptable but all counties regardless of their internal procedures must meet the standards set forth below.

A. An annual operating budget shall be prepared and adopted for each fiscal year to authorize and control the financial operations of the county government.

B. A budget is the authority for financial operations and a plan that embodies an estimate of proposed expenditures for the coming fiscal year and the proposed means of financing those expenditures. The adopted budget should be integrated with the county’s accounting system to provide a workable system of budgetary accounting and control.

C. The budget should be formulated based on actual and anticipated revenues and other financial resources estimated to be available as provided by law on the last day of each fiscal year to fund the proposed budget for the following fiscal year.

D. The annual operating budget prepared by each county shall provide sufficient information to enable taxpayers and security investors to make informed judgments about the county government’s anticipated financial position and flow of financial resources.
E. To accomplish this, the annual budget shall contain, at a minimum, the following components:
   a. A Statement of Indebtedness effective the beginning of the new fiscal year.
   c. A Tax Collection History for Current and Delinquent Taxes and also Penalties and Interest.
   d. A Combined Statement of Financial Position (Cash and/or Fund Balance) including beginning balance, revenues, expenditures, transfers (±) and ending balance.
   e. A Recapitulation of the Budget by Fund including anticipated revenues, expenditures, and fund balances.
   f. Budget Detail by Fund including a summary of cash and/or fund balance position and detailed revenues and expenditures.
   g. Budget Detail by Fund including revenues and expenditures depicting the level of budgetary control.
Chapter 2
Introduction

The purpose of this *Budgeting Handbook for Texas Counties* is to serve as a guide for county officials in evaluating their budget preparation process. The handbook covers tasks to be accomplished and time frames and instructions for completing them, including ways to estimate various receipts and disbursements. This material is basic but essential to preparing a good budget.

**Definition of the Budget**

A budget is a plan of action for a fiscal year. It represents the commissioners court’s decisions on how it allocates its resources.

There are different kinds of budgets for different purposes and time periods. The focus here is on the financial budget required annually of all Texas counties. A useful working definition of this particular budget is:

*A statement by fund of estimated receipts, disbursements, and balances for the next calendar, or fiscal year, accompanied by other information that helps in understanding the intentions and objectives of management as well as the overall financial picture of the county.*

There are several reasons for preparing such a budget other than those required by law. Budget preparation, adoption and execution is the most important tool for successful county financial management.

The budget is a statement of policy by the commissioners court. The budget demonstrates the plans and priorities of the court in unmistakable language — dollars.

**The budget establishes accountability for county government.** The budget authorizes departments and officials to expend public funds, directs officials on allowable expenditure categories and restricts spending within those budgetary parameters.

**The budget preparation process forces the decision-makers to become familiar with all aspects of the county’s operations.** Intelligent choices among programs and priorities cannot be made without this perspective.

**The budget preparation process allows for citizen input.** This process is one of the few ways citizens directly participate in county financial management.

**The budget helps show the financial condition of the county.** This function is particularly helpful when seeking alternative financing methods for large expenditures or long-term projects. A detailed budget proves that management is in tune with the current financial environment and is exercising foresight. This demonstration of expertise may help a county obtain favorable interest rates on its long-term liabilities.

**Making Budgeting Easier — Major Receipts and Disbursements**

County officials sometimes become intimidated and discouraged at the beginning of the budget preparation process, because it seems difficult to forecast revenues and expenditures for the next
year. However, if one breaks down the revenues and expenditures into their components and deals with the components individually, the pieces of the budget will come together in a much more manageable manner. There are a few large components in both revenues and expenditures that comprise a large percentage of the totals of each, and these large individual items are normally the easiest to estimate.

Major receipts are property taxes, fees, fines, and motor vehicle registration fees. Typically, those items comprise 75 percent or more of a county’s total receipts. Property taxes, the easiest to estimate, usually account for at least half of the total receipts.

Disbursements in the form of salaries and benefits typically comprise 40 to 60 percent of the total, and both are relatively easy to estimate accurately.

While officials may be concerned about the complexity of estimating the remaining items, more time and effort should be spent on the larger items. An error in estimating the cost of a large item has a greater impact than an estimating error for a small item.

This example of a county’s receipts and disbursement structure may be helpful.

**Receipts**

<table>
<thead>
<tr>
<th>Description</th>
<th>Percentage of Total Receipts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Tax</td>
<td>50%</td>
</tr>
<tr>
<td>Fees of Office</td>
<td>11%</td>
</tr>
<tr>
<td>Fines</td>
<td>5%</td>
</tr>
<tr>
<td>Motor Vehicle Registration</td>
<td>17%</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td><strong>83%</strong></td>
</tr>
<tr>
<td>All other receipts</td>
<td>17%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

**Disbursements**

<table>
<thead>
<tr>
<th>Description</th>
<th>Percentage of Total Disbursements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and benefits</td>
<td>60%</td>
</tr>
<tr>
<td>Debt service and capital outlay</td>
<td>30%</td>
</tr>
<tr>
<td>All other disbursements</td>
<td>10%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Counties should prepare a similar table based on their own experience, making sure to include any significant receipts or disbursements that are not mentioned above.

**The Participatory Approach to Budgeting**

This *Budgeting Handbook for Texas Counties* stresses that all officials and department heads affected by the budget must be allowed to participate in the budget preparation process. There are three major reasons for this approach:

1. It takes advantage of specialized knowledge about the operations and needs of the offices and the receipts they collect.
2. It gives the officials a voice in determining the spending for which they will be responsible.

People are more willing to work within budgets they have had a role in developing.

There are several ways to ensure participation. This budgeting handbook suggests at least three.

1. Direct department heads to estimate receipts for items they collect.
2. Direct department heads to prepare budget estimates or requests for their departments.
3. Permit department heads to defend their requests before the commissioners court.

Long-Term Budgets
Counties should make an effort to prepare budgets for periods longer than one year. A five- or 10-year forecast should be the goal, but a two- or three-year projection can provide significant assistance in planning. This approach can be helpful for capital projects such as buildings, roads and technology infrastructure that will take more than one fiscal year to complete.

This long-term forecast need not be detailed. Several forecasts could be prepared with different assumptions about economic conditions that affect the county (for example, inflation, recession, etc.). The forecast would give county management a general idea of what might happen in the future and better equip the commissioners’ court to deal with changes when they occur.

Budgeting Is Making Choices
Many county officials become discouraged with budgeting because there is no “extra” money to budget. That is, all resources must be used just to perform the basic services required by law.

Many counties do not have “extra” money, but every county does have alternatives. There is always a choice.

For Example: A position could be deleted in the county clerk’s office and a position added to the sheriff’s office if the commissioners court decided to put more emphasis on law enforcement.

Budgeting is making choices about the use of limited resources. The more limited the resources, the more carefully the choices must be made, and the more important budgeting becomes.
Chapter 3
Budget Officer

As prescribed by Local Government Code, Chapter 111, Subchapters A, B, or C the basic responsibility of the budget officer is to prepare the county budget for the commissioners court.

Official Serving as Budget Officer
In counties with a population of 225,000 or less, the county judge serves as the budget officer.¹ The county auditor or the county clerk provides assistance. The county treasurer also can be a significant contributor. Chapter 111 of the Local Government Code sets out county budget law. (See Appendix B)

In counties with a population of more than 225,000, the county auditor serves as the budget officer.²

In counties with a population of more than 125,000, the commissioners court may choose to appoint a budget officer.³

Role of the Budget Officer
The budget officer and others providing assistance are in a good position to make important contributions in preparing the county budget. If the budget officer is a county judge, auditor, treasurer, or clerk, this person is accustomed to being directly involved in the management and financial administration of all aspects of the county.

People in these positions frequently have a good picture of the county’s financial resources, the demands placed on these resources, and how these resources and demands change from year to year. As a result, they can evaluate budget requests from county officials and the community from a perspective that few other county officials have.

Because of their positions, those in charge of the county’s financial plan should be involved in at least the following areas:

1. Planning and coordinating the budget preparation process.
2. Advising county officials and department heads on preparing their budget requests.
3. Advising the commissioners’ court on matters of budget policy.
4. Monitoring the county’s actual performance and comparing it to the performance forecasted in the year’s budget.

Role of the Commissioners Court
The commissioners court has the authority to approve or change the budget proposed by the budget officer.⁴ The commissioners court is charged with deciding the level of taxation and the scope and level of funding for the various county functions, operations and programs.

Endnotes
¹ V.T.C.A., Local Government Code, Subchapter A, Section 111.002.
² V.T.C.A., Local Government Code, Subchapter B, Section 111.032.
³ V.T.C.A., Local Government Code, Subchapter C, Section 111.062.
⁴ V.T.C.A., Local Government Code, Section 111.008.
At the first regular commissioners court meeting during the first six months of the fiscal year, an item should be placed on the agenda to adopt the budget policy for the upcoming budget process. This date applies to all counties regardless of whether they rely on the calendar year or the fiscal year to conduct their business. All counties are required by the Tax Code, §31.01, to mail out tax statements by October 1 or as soon thereafter as practicable. To accomplish this task, counties should start their budget process several months earlier. In addition, revenues and expenditures must be properly estimated and a reasonable tax rate set with sufficient time to print and issue the tax statements before the October 1 deadline.

At this first meeting, the budget officer should present to the court a proposed budget policy. This policy should address the following items:

- the budget calendar;
- receipts other than taxes, where officials and department heads will have significant influence on their estimates;
- the level of indebtedness;
- the general level of spending;
- salaries and benefits;
- department and program priorities;
- unexpended budget balances; and
- anticipated grant funds.

Items included in the budget policy may vary depending on the county’s needs.

These items should be presented in a set of statements or directives that guide the budget officer and department heads in planning and making budget requests. These items may change over time as the county’s needs change.

Statements of policy directives are important for two major reasons:

1. They compel the commissioners court to:
   - take a close look at county operations, and
   - think about and declare the county’s goals and objectives.
2. They communicate budget policy to those concerned, such as department heads, helping:
   a) To answer questions, such as:
      - Can I request additional personnel in next year’s budget?
      - What should I do about cost-of-living and merit-pay increases in my budget request?
      - Can I use the money I don’t spend this year for something next year?
      - Why did that department get three new staff positions and I didn’t get any?
b) To ensure departmental budget requests are prepared in a similar manner.

c) To prevent misunderstandings when one department or program receives more or less financial resources than other departments.

The commissioners court must communicate budget policy to those involved in budget preparation.

Following are examples of budget policy guidelines:

**Revenue Policies**
The county will maintain a stable and diversified revenue system to protect it from short-term fluctuations in any single revenue source and, whenever applicable, establish user fees and charges permitted by law at levels associated with the direct and indirect costs of providing those services. Furthermore, the county will annually evaluate fees and charges to assure that total costs are covered and will adjust accordingly to keep pace with the cost of providing those services.

The county will restrict its reliance on non-recurring revenue sources.

**Tax Rate**
The commissioners court believes it is unacceptable to raise the tax rate next year. Every effort will be made to avoid increasing the tax rate.

**Other Receipts Under Control of the Court**

Dump fees must be raised by a substantial amount to help cover increased costs.

Swimming pool fees must be increased to help cover higher costs, but the increase should be 15 percent or less.

**Indebtedness**

This county will continue to adhere to a pay-as-you-go policy.

**General Level of Spending**

Except where noted in this budget policy statement, all departments should expect to continue operations at the same level as this year. Exceptions may be requested, if fully documented, but may be granted only if revenues increase beyond currently foreseeable levels.

Department heads should request approximately the same funding they are receiving this year. The budget officer will make adjustments for inflation.

**Salaries and Benefits**

Salaries and benefits must remain at current levels. This means no merit raises next year, but it doesn't rule out a cost-of-living increase for all personnel that closely matches this year's inflation rate.

Department heads should use this year's salary figures in their budget requests for any new employees. The budget officer will calculate raises.

**Department and Program Priorities**

The only spending increases that will occur will be in the Sheriff's Department, which will be allowed three new deputy positions next year; a substantial capital outlay next year (and the year
following); and a tripling of its training budget. These actions are necessary to carry out our previously stated goal to significantly improve highway safety and general law enforcement.

**Reserve Policies**

Annual budgeting should not be a knee-jerk process. Therefore, a county should maintain a nominal appropriated reserve to provide funding, by means of a formal budgetary amendment, for unforeseen emergencies that may develop throughout the year. In this regard, it will be absolutely necessary for elected officials and department heads to oversee and control expenditures so that the departmental expenditures are minimized and remain within the associated budgetary limits.

Each fiscal year, the commissioners court should consider establishing a minimum of four contingency reserves (Personnel, Maintenance and Operations, Equipment, and Professional Services) within the general fund operating budget specifically labeled general and administrative. It is suggested that each reserve is, at a minimum, established at one quarter of one percent (0.25 percent) of the total general fund’s proposed appropriations for each fiscal year when financially feasible. These funds should only be reallocated by majority vote of the commissioners court.

The commissioners court should make every effort to maintain an emergency reserve. This unbudgeted unreserved fund balance should, at a minimum, equal the projected cash needs for the first fiscal quarter to meet operating obligations or 10-15 percent of the total general fund adopted operating budget in any one fiscal year. Use of this reserve is only in the event of an unanticipated emergency, calamity, natural disaster or the loss or shortfall of a major revenue source. In addition, working capital is essential to the county due to the fact that inflow from ad valorem property taxes, the major revenue source for most counties, does not substantially materialize until mid December, the third fiscal month. This reserve should be monitored periodically throughout the year. The county auditor should assist in estimating this reserve during the budgetary process and periodically make updates as the adequacy of the county’s unreserved fund balance is reviewed in the future.

**Unexpended Budget Balances**

Budget balances remaining unspent and unobligated at fiscal year end are, as a general rule, cancelled and do not carry forward into the next budget year. Nor should they be considered when drawing up next year’s budget.

These are only examples, and the budget officers are free to recommend their own policy statements to the commissioners court.

To establish guidelines such as those printed above, the commissioners court must consider the following factors:

1. The financial forecast for the budget year.
2. The views of individual commissioners on the necessity and desirability of:
   a) Raising or reducing taxes;
   b) Raising or reducing charges for county services and facilities; and
   c) Expanding or restricting various programs and departments.
   d) The opinions of individual citizens and community and interest groups.

Once the commissioners court has determined its upcoming budget policy, a statement of budget policy should accompany budget request forms used in county offices. What follows is a sample budget policy statement.
Sample Budget Policy Statement

County of Good Public Servants
County Courthouse
Good Government, Texas 79999

TO: All Department Heads
FROM: Commissioners Court
RE: 2XXX Budget Preparation

Attached are forms to be used in filling out departmental funding requests for next year’s budget. Revenue-estimating forms have been provided to departments that collect money.

Enclosed is a copy of the budget calendar that must be followed in preparing next year’s budget. Budget request forms should be returned to the budget officer by April 15. Any request received after this date will be reviewed last, and given little or no consideration.

Department heads should fill in all applicable areas of the request forms except the Salaries and Benefit sections. The budget officer will complete these forms.

Due to declining economic conditions, department heads are directed to keep estimated expenditures to a minimum. All requests for new equipment or employees should be deferred until next year. The increase in the crime rate and the crowded conditions of our jail and court dockets will place more emphasis on these areas.

As you know, citizens are very concerned about the continuing tax increases. The commissioners court’s goal is to avoid increasing taxes next year. We hope all of you will help the court accomplish this goal. All unexpended department balances remaining at the end of this year will be used to help fund next year’s budget. Departments with good spending habits will receive consideration during budget hearings.

We, and the citizens, appreciate your cooperation.

Endnote

1 V.T.C.A., Tax Code Section 31.01.
The budget calendar is the first step in formulating and executing a successful budget policy. The budget calendar consists of a plan of activities involved in preparing the county’s budget. It may consist of a simple list of activities, including dates and designations of responsible officials. The list is important for four reasons:

1. The list helps to ensure that no activity is overlooked (such as a legally required public hearing).
2. The list helps to coordinate activities that must take place in a certain sequence and within a specific time period.
3. The list communicates the plan to those involved.
4. The list assigns specific responsibilities to those involved.

An example of a budget calendar is given on the following pages. Each county has different needs, and many will want to start later or earlier and allow more or less time for certain activities. However, Local Government Code §111.003 requires the budget officer to prepare the budget during the seventh or the tenth month of the fiscal year, as determined by the commissioners court.

This example is a guide to planning your county’s individual budget preparation process.
# Sample Budget Calendar

## County of Good Public Servants

<table>
<thead>
<tr>
<th>Date</th>
<th>Action</th>
<th>Official</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 1</td>
<td>Assessment date.</td>
<td>chief appraiser</td>
</tr>
<tr>
<td>January</td>
<td>Prepare preliminary revenue estimates (revenue estimating is really a year-round process).</td>
<td>budget officer, department heads</td>
</tr>
<tr>
<td>February</td>
<td>Establish budget policy.</td>
<td>budget officer, governing body</td>
</tr>
<tr>
<td></td>
<td>Establish budget calendar with governing body.</td>
<td>budget officer</td>
</tr>
<tr>
<td></td>
<td>Develop budget format and outline of contents.</td>
<td>budget officer</td>
</tr>
<tr>
<td></td>
<td>Begin preparing statistical and other supplementary information.</td>
<td>budget officer</td>
</tr>
<tr>
<td>March 1</td>
<td>Communicate budget policy and calendar to department heads and all employees.</td>
<td>budget officer</td>
</tr>
<tr>
<td>March/April</td>
<td>Help departments complete request forms.</td>
<td>budget officer</td>
</tr>
<tr>
<td>May 15</td>
<td>Chief appraiser submits estimate of total appraised value to appraisal review board for review and determination of protests.</td>
<td>chief appraiser</td>
</tr>
<tr>
<td>May</td>
<td>Revise revenue estimates.</td>
<td>budget officer, department heads</td>
</tr>
<tr>
<td>May</td>
<td>Prepare preliminary budget.</td>
<td>budget officer with department heads</td>
</tr>
<tr>
<td></td>
<td>Revise departmental estimates and/or develop spending alternatives for governing body’s consideration.</td>
<td>budget officer</td>
</tr>
<tr>
<td>June</td>
<td>Governing body reviews budget.</td>
<td>governing body</td>
</tr>
<tr>
<td>July</td>
<td>Departmental hearings.</td>
<td>budget officer, department heads</td>
</tr>
<tr>
<td>July 25</td>
<td>Deliver certified appraisal roll to tax assessor.</td>
<td>chief appraiser</td>
</tr>
<tr>
<td>Date</td>
<td>Action</td>
<td>Official</td>
</tr>
<tr>
<td>--------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-------------------------------</td>
</tr>
</tbody>
</table>
| August 1     | 1. Deliver the appraisal roll to the court showing:  
• Total appraised, assessed, and taxable values.  
• Total appraised, assessed, and taxable values for new property.  
2. Certify a collection rate for the current year. | tax assessor                  |
| August 7     | Calculate, publish, and present to the court:  
1. Effective tax rate, rollback rate, and calculation methods.  
2. Estimated amount of unencumbered interest and sinking, and maintenance and operations balances.  
3. Schedule of debt obligations.  
4. Projected sales and use tax to reduce property tax.  
5. Amount of increase (decrease) based on effective tax rate.  
6. Information on transferred departments or functions.  
7. Information on tax effect of transferred departments or functions. | person designated by the court |
| August       | Complete proposed budget.                                                                                                                                                                              | governing body                |
| August       | File proposed budget with county clerk and make it available for public inspection at least 15 days prior to public budget hearing.                                                               | budget officer                |
| August       | Decide whether it is necessary to increase taxes by more than 3 percent over the effective tax rate.                                                                                                   | governing body                |
| August/September | Hold public hearings for tax increase; if necessary vote on tax increase.                                                                                                                                   | governing body                |
|             | Hold public hearing on budget.                                                                                                                                                                          | governing body                |
|             | Adopt budget.                                                                                                                                                                                           | governing body                |
| August/September | Levy taxes before September 30, or the 60th day after the date the certified appraisal roll is received. (If not, the tax rate for the county for that tax year is the lower of the effective tax rate calculated for that tax year or the tax rate adopted by the county for the preceding tax year). | governing body                |
|             | File copy of adopted budget with county clerk and county auditor (if required).                                                                                                                             | county clerk                  |
Local Government Code §111.005 gives the county judge authority to require any county officer to provide information necessary for the judge to prepare the budget properly.

If a county officer fails to provide the information required by the county judge, the commissioners court can issue an order:

1. directing the county officer to produce the required information; and
2. prescribing the form in which the county officer must produce the information.

Sample forms to be distributed to county offices for the purpose of making budget requests follow.

Departments that collect money will be provided revenue-estimating forms (Budget Request Form 1). The line item request form should list all line items that relate to each office (Budget Request Form 2). The budget officer completes the first two columns, the department head will complete the request column, and the approved column is completed as the court approves each item.

Budget Request Forms 3, 4 and 5 are for supplementary data the department head should complete to justify expenditure requests in these specific areas.

It may be necessary to make additions or deletions to these forms, depending on each county’s needs.

Once the request forms are completed and returned, the budget officer will be able to combine all of the budget information into a proposed budget for the commissioners court to review before budget hearings.
## Budget Request Form 1

**County of Good Public Servants**  
**Revenue Estimates**

Department: ___________________________  
Prepared by: ___________________________

### Revenues

<table>
<thead>
<tr>
<th></th>
<th>Actual Revenues Last Year</th>
<th>Estimated Revenues This Year</th>
<th>Estimated Revenue New Year</th>
<th>Approved Commissioners Court</th>
</tr>
</thead>
<tbody>
<tr>
<td>Filing Fees</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Court Costs</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Fines</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Vehicle Registration</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Landfill Fees</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Building Rental Fees</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Interest</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Other Income (list)</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>$0.00</strong></td>
<td><strong>$0.00</strong></td>
<td><strong>$0.00</strong></td>
<td><strong>$0.00</strong></td>
</tr>
</tbody>
</table>
**Budget Request Form 2**

**County of Good Public Servants**
Expenditure Estimates

Department: ___________________________  Prepared by: ___________________________

### Expenditures

<table>
<thead>
<tr>
<th>Personnel Services</th>
<th>Actual Expenditures Last Year</th>
<th>Estimated Expenditures</th>
<th>Proposed Budget Next Year</th>
<th>Approved by Commissioners Court</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elected or Appointed Official</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>or Department Head</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deputies and Assistants</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Office and Labor</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Temporary Help</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Other</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total Personnel Services</strong></td>
<td><strong>0.00</strong></td>
<td><strong>0.00</strong></td>
<td><strong>0.00</strong></td>
<td><strong>0.00</strong></td>
</tr>
</tbody>
</table>

### Benefits

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Actual Expenditures Last Year</th>
<th>Estimated Expenditures</th>
<th>Proposed Budget Next Year</th>
<th>Approved by Commissioners Court</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Security/Medicare Contributions</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Group Medical Insurance</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Retirement</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Workers’ Compensation</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Unemployment Insurance</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Other</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total Benefits</strong></td>
<td><strong>0.00</strong></td>
<td><strong>0.00</strong></td>
<td><strong>0.00</strong></td>
<td><strong>0.00</strong></td>
</tr>
</tbody>
</table>

### Supplies

<table>
<thead>
<tr>
<th>Supplies</th>
<th>Actual Expenditures Last Year</th>
<th>Estimated Expenditures</th>
<th>Proposed Budget Next Year</th>
<th>Approved by Commissioners Court</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Supplies</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Operating Supplies</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Repair and Maintenance Supplies</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Miscellaneous Supplies</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total Supplies</strong></td>
<td><strong>0.00</strong></td>
<td><strong>0.00</strong></td>
<td><strong>0.00</strong></td>
<td><strong>0.00</strong></td>
</tr>
</tbody>
</table>
### Budget Request Form 2 (continued)

**County of Good Public Servants**  
**Expenditure Estimates**

<table>
<thead>
<tr>
<th>Other Services and Charges</th>
<th>Actual Expenditures Last Year</th>
<th>Estimated Expenditures</th>
<th>Proposed Budget Next Year</th>
<th>Approved by Commissioners Court</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional Services</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Communications</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Transportation</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Advertising and Legal Services</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Printing and Bindery</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Utilities</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Repairs and Maintenance</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Rentals</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Aid to Other Governments</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total Other Services and Charges</strong></td>
<td><strong>0.00</strong></td>
<td><strong>0.00</strong></td>
<td><strong>0.00</strong></td>
<td><strong>0.00</strong></td>
</tr>
</tbody>
</table>

### Capital Outlay

<table>
<thead>
<tr>
<th>Capital Outlay</th>
<th>Actual Expenditures Last Year</th>
<th>Estimated Expenditures</th>
<th>Proposed Budget Next Year</th>
<th>Approved by Commissioners Court</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Buildings</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Improvements Other Than Buildings</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Machinery and Equipment</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Other</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total Capital Outlay</strong></td>
<td><strong>0.00</strong></td>
<td><strong>0.00</strong></td>
<td><strong>0.00</strong></td>
<td><strong>0.00</strong></td>
</tr>
</tbody>
</table>

| Total Expenditures                           | $0.00                         | $0.00                  | $0.00                     | $0.00                           |
Budget Request Form 3

County of Good Public Servants
New Employee Request Form

Job Title ____________________________  Salary/Classification ______________________

Auto Allowance ______________________  Uniform Allowance ______________________

Reason for New Position _________________________________________________________

___________________________________________________________________________

___________________________________________________________________________

___________________________________________________________________________

Job Duties ________________________________________________________________

___________________________________________________________________________

___________________________________________________________________________

___________________________________________________________________________

Job Requirements ____________________________________________________________

___________________________________________________________________________

___________________________________________________________________________

___________________________________________________________________________

___________________________________________________________________________

___________________________________________________________________________
Budget Request Form 4

County of Good Public Servants
Capital Outlay Needs

Item Description: ________________________________________________

Estimated Cost: ________________________________________________

Justification of Needs: __________________________________________

________________________________________________________________

________________________________________________________________

Item Description: ________________________________________________

Estimated Cost: ________________________________________________

Justification of Needs: __________________________________________

________________________________________________________________

________________________________________________________________

Item Description: ________________________________________________

Estimated Cost: ________________________________________________

Justification of Needs: __________________________________________

________________________________________________________________

________________________________________________________________
**Budget Request Form 5**

County of Good Public Servants  
Out-of-County Travel Request

Name of Employee: ________________________________________________

Job Title: _________________________________________________________

Estimated Cost: ___________________________________________________

Purpose of Travel: _________________________________________________

____________________________________________________________________
____________________________________________________________________
____________________________________________________________________
____________________________________________________________________

Budget Request Forms
Two major categories of data should be included in the county budget:

1. Estimated receipts, disbursements, and beginning and ending balances for each fund.
2. Supplementary data that helps the public understand the county's financial status.

This part of the *Budgeting Handbook* will discuss an appropriate format for presenting the data in the budget and recommend specific supplementary data that should be included in the budget.

### Estimated Receipts, Disbursements, and Balances

The Texas Comptroller recommends counties use a format to present fund-by-fund estimates of receipts, disbursements, and balances (depending upon your budgetary basis, balances may be either cash or estimated fund balance). This format is based on a county's chart of accounts.

Balances refer to year-end balances relating to cash or fund balances which factors in current year projected revenues and expenditures incurred during the current budget year, less any verifiable legal obligations or encumbrances estimated outstanding at year end. Encumbrances outstanding at year-end are then factored into determining balances available for consideration in setting the new budget. In this case, encumbrances would be treated as a reservation or reduction to the calculated ending cash or fund balance since they constitute a legal obligation in the current budget year that will be honored in the subsequent budget year. When an encumbrance is carried forward, the associated budget amounts are also carried forward to cover the related expenditures. These amounts would not be included in the new budget as to do so would arbitrarily inflate the new budget.

*Table 1* illustrates a general format that a county can use to present the budget, regardless of the organization and titles of the specific funds, departments and accounts. (Counties that use a program type of budget will use a different format for presenting program estimates, but still should prepare a budget similar to that in *Table 1* to maintain effective control.)

Those in charge of the budget preparation process should make sure the following standards are followed when drawing up expenditure budgets:

1. Expenditures are assigned to the appropriate department whenever possible and practical so that the total cost of operating each office is known.

For example, it is easy to figure the county's contribution to Social Security for each office. Telephone bills are itemized by phone number and can easily be charged to the proper office. A system also can be worked out to assign the cost of supplies to each department.

Identifying expenditures correctly by department is important in financial reporting. Expenditures between departments should not be over reported.

Other items are difficult to break down by department or may be too small for the time and effort required to break them down. Blanket bonds and general liability insurance are examples. These expenses, which apply to all or most departments, should be included in a special “category” titled “Non-departmental expenditures.”
Some items will not fit anywhere or are so few in number that it is not practical to establish a separate category. When all other efforts to categorize fail, or if the amount is not material, the category “Other” should be used.

2. Account titles are used consistently throughout the budget so that various funds and departments can be compared.

Salaries, for example, should mean the same thing in each office. Comparability is lost if the salary category includes part-time and overtime help in some offices but not in others.

Table 1
Budget Format

<table>
<thead>
<tr>
<th>Fund A</th>
<th>Receipts and Balance</th>
<th>Actual Prior Year</th>
<th>Estimated Current Year</th>
<th>Estimated Budget Years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Receipt #1</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td></td>
<td>Receipt #2</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>Receipt #3</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>Total Receipts</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>Transfer in (out)</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>Balance, beginning of year</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>Total available resources, Fund A</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures</th>
<th>Department A</th>
<th>0.00</th>
<th>0.00</th>
<th>0.00</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Object #1</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>Object #2</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>Object #3</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>Total, Department A</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>Department B</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>Object #1</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>Object #2</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>Total, Department B</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>Total Expenditures, Fund A</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

| Balance, End of Year, Fund A | $0.00 | $0.00 | $0.00 |
Level of Detail in the Budget

Local Government Code §111.004 requires the budget officer to itemize the budget so that expenditures in the proposed budget can be compared with the actual expenditures from the preceding fiscal year. The budget must show each of the projects for which an appropriation is established in the budget and the estimated amount of money carried in the budget for each project.

The budget must contain a complete financial statement of the county that shows:

1. Outstanding obligations of the county.
2. Cash on hand to the credit of each of the county government’s funds.
3. Funds received from all sources during the preceding fiscal year.
4. Funds available from all sources during the upcoming fiscal year.
5. Estimated revenues available to cover the proposed budget.
6. Estimated tax rate required to cover the proposed budget.

In preparing the budget, the budget officer should estimate the revenue to be derived from taxes to be levied and collected in the succeeding fiscal year and should include that revenue in the estimate of funds available to cover the proposed budget.

The level of detail in the suggested budget forms (Tables 2A and 2B), as shown by the account titles, provides adequate control over expenditures. It also allows for a certain flexibility to meet conditions that can change unexpectedly after the budget is adopted, without the need for continued budget amendments.
Table 2A
Budget Format/Revenues

<table>
<thead>
<tr>
<th>Department: ______________________</th>
<th>Fund: ______________________</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Taxes</th>
<th>Actual Receipts</th>
<th>Estimated Receipts</th>
<th>Projected Receipts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Prior Year</td>
<td>Current Year</td>
<td>Budget Year</td>
</tr>
<tr>
<td>Current Property</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Delinquent Taxes</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Other Taxes</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Penalty and Interest</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Total Tax Receipts</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

| Licenses and Permits           |                 |                    |                    |
| Business Licenses and Permits  | 0.00            | 0.00               | 0.00               |
| Non-Business Licenses and Permits | 0.00            | 0.00               | 0.00               |
| Total Licenses and Permits     | 0.00            | 0.00               | 0.00               |

| Intergovernmental Receipts     |                 |                    |                    |
| Federal Grants                | 0.00            | 0.00               | 0.00               |
| Other Federal Receipts        | 0.00            | 0.00               | 0.00               |
| State Grants                  | 0.00            | 0.00               | 0.00               |
| State Shared Revenue          | 0.00            | 0.00               | 0.00               |
| Shared Revenues with Local Governments | 0.00            | 0.00               | 0.00               |
| Total Intergovernmental Receipts | 0.00            | 0.00               | 0.00               |

| Charges and Services          |                 |                    |                    |
| Fees of Office                | 0.00            | 0.00               | 0.00               |
| County Judge                  | 0.00            | 0.00               | 0.00               |
| County Sheriff                | 0.00            | 0.00               | 0.00               |
| County Attorney               | 0.00            | 0.00               | 0.00               |
| County Clerk                  | 0.00            | 0.00               | 0.00               |
| Tax Collector                 | 0.00            | 0.00               | 0.00               |
| District Attorney             | 0.00            | 0.00               | 0.00               |
| Justice of the Peace          | 0.00            | 0.00               | 0.00               |
| County Treasurer              | 0.00            | 0.00               | 0.00               |
| Other fees of Office          | 0.00            | 0.00               | 0.00               |
| Other Charges for Services    | 0.00            | 0.00               | 0.00               |
| Total Charges and Services    | 0.00            | 0.00               | 0.00               |
Table 2A
Budget Format/Revenues (continued)

<table>
<thead>
<tr>
<th>Fines and Forfeitures</th>
<th>Actual Receipts Prior Year</th>
<th>Estimated Receipts Current Year</th>
<th>Projected Receipts Budget Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Court Fines</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Other Fines</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Forfeitures</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Total Fines and Forfeitures</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Miscellaneous Revenue</th>
<th>Actual Receipts Prior Year</th>
<th>Estimated Receipts Current Year</th>
<th>Projected Receipts Budget Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Earnings</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Sales and Compensation for Loss of Capital Assets</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Contributions from Public Enterprises</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Escheats</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Contribution from Private Sources</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Total Miscellaneous Revenue</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

**TOTALS**

<table>
<thead>
<tr>
<th></th>
<th>Actual Receipts Prior Year</th>
<th>Estimated Receipts Current Year</th>
<th>Projected Receipts Budget Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Receipts</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Transfers from (to) Other Funds</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Cash Balance, Beginning of Year</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Total Resources Available</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Cash Balance, End of Year</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
</tbody>
</table>
## Table 2B
### Budget Format/Expenditures

Department: ____________________  Fund: ____________________

<table>
<thead>
<tr>
<th>Personnel Services (Salaries and Wages)</th>
<th>Actual Expenditures</th>
<th>Estimated Expenditures</th>
<th>Projected Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elected or Appointed Official or Department Head</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Deputies and Assistants</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Office and Labor</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Temporary or Extra Help</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Other</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total Personal Services</strong></td>
<td><strong>0.00</strong></td>
<td><strong>0.00</strong></td>
<td><strong>0.00</strong></td>
</tr>
</tbody>
</table>

### Benefits

<table>
<thead>
<tr>
<th></th>
<th>Actual Expenditures</th>
<th>Estimated Expenditures</th>
<th>Projected Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Security and Medicare Contributions</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Group Medical Insurance</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Retirement</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Workers’ Compensation</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Unemployment Insurance</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Other</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total Benefits</strong></td>
<td><strong>0.00</strong></td>
<td><strong>0.00</strong></td>
<td><strong>0.00</strong></td>
</tr>
</tbody>
</table>

### Supplies

<table>
<thead>
<tr>
<th></th>
<th>Actual Expenditures</th>
<th>Estimated Expenditures</th>
<th>Projected Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Supplies</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Operating Supplies</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Repair and Maintenance Supplies</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Miscellaneous Supplies</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total Supplies</strong></td>
<td><strong>0.00</strong></td>
<td><strong>0.00</strong></td>
<td><strong>0.00</strong></td>
</tr>
</tbody>
</table>
### Table 2B
**Budget Format/Expenditures (continued)**

<table>
<thead>
<tr>
<th>Department: ______________________</th>
<th>Fund: ______________________</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Other Services and Charges</strong></td>
<td><strong>Actual Expenditures</strong></td>
</tr>
<tr>
<td>Professional Services</td>
<td>0.00</td>
</tr>
<tr>
<td>Communication</td>
<td>0.00</td>
</tr>
<tr>
<td>Transportation</td>
<td>0.00</td>
</tr>
<tr>
<td>Advertising and Legal Notices</td>
<td>0.00</td>
</tr>
<tr>
<td>Printing and Bindery</td>
<td>0.00</td>
</tr>
<tr>
<td>Utilities</td>
<td>0.00</td>
</tr>
<tr>
<td>Repairs and Maintenance</td>
<td>0.00</td>
</tr>
<tr>
<td>Rentals</td>
<td>0.00</td>
</tr>
<tr>
<td>Aid to Other Governments</td>
<td>0.00</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total Other Services and Charges</strong></td>
<td><strong>0.00</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Capital Outlay</strong></th>
<th><strong>Actual Expenditures</strong></th>
<th><strong>Prior Year</strong></th>
<th><strong>Estimated Expenditures</strong></th>
<th><strong>Current Year</strong></th>
<th><strong>Projected Expenditures</strong></th>
<th><strong>Budget Year</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improvements Other Than Buildings</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Machinery and Equipment</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Capital Outlay</strong></td>
<td><strong>0.00</strong></td>
<td><strong>0.00</strong></td>
<td><strong>0.00</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| **Total Expenditures**            | **$0.00**                   | **$0.00**    | **$0.00**                 |                 |                             |                |

Some counties prefer to budget in greater detail. Operating supplies, for example, may be broken down into fuel, oil, water, etc., with a separate budget category for each. Unforeseen changes in price or the need for any individual item, however, may require a budget amendment. Each change in the budget complicates the claims approval and payment process, requires additional time and effort for the county, and may make the vendor wait for payment.

With more general budget categories, however, a change in the price or quantity of one individual item may often be offset by an opposite change in another, and no budget amendment is needed.
When figuring out how much to budget for some categories, it may still be necessary to individually estimate each item in the category. The goal is to ensure budgetary control. The account or category selected for the budget line item should be at a general level, but specific enough to provide adequate control for future budget monitoring.

For example, there is no real control or any real meaning in the following budget.

<table>
<thead>
<tr>
<th>Department X</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and benefits</td>
<td>$50,000</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>$30,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$80,000</strong></td>
</tr>
</tbody>
</table>

This tells us nothing about Department X and how it will use its allotment. It does not allow the commissioners court, as the chief policymaking body of the county, any significant say in how the office spends its allotment.

**Program Budgeting**

The budget format suggested in this section is an object-of-expenditure approach in which the line items in the budget are things, or objects, to be purchased. These objects are grouped together under the department buying them. The departments are grouped under the fund(s) that finance the purchases.

There are other new ways of preparing, organizing, and presenting budgetary data. Whatever their particular names, most are a form of program budgeting or zero-base budgeting, or a combination of the two. These are sophisticated techniques that require considerable experience and expertise in budgeting, as well as the interest and willingness of county management to change its budgeting method.

Whether these newer techniques produce budgets that are more useful than the traditional object-of-expenditure approach is debatable. But the governing bodies of organizations — private and governmental, large and small — that have adopted one of the new methods find that it forces them to become much more involved with all the operations of their organization than they had been in the past. It also forces them to look at these operations from a very different point of view — to look at their government, for instance, in terms of things to be done and their relative costs, instead of things to be bought. A look at the comparison of the familiar object-of-expenditure approach and a typical program budget in Table 3 will help to make this difference clear.

It should be noted that the program budget relies in part on the figures developed for the object-of-expenditure budget. The tax collection program, for example, is made up of various persons’ salaries, supplies used, equipment purchased, and other objects. The program budget organizes that same information in a different way.
Table 3
Budget Format

Comparison of Portions of a Program Budget with Portion of an Object-of-Expense Budget for the Same Expenditures

<table>
<thead>
<tr>
<th>Object of Expenditure Budget</th>
<th>Program Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General Fund</strong></td>
<td><strong>Program-Financial Administration</strong></td>
</tr>
<tr>
<td>County Treasurer</td>
<td>Tax Assessing</td>
</tr>
<tr>
<td>Salaries</td>
<td>$60,000</td>
</tr>
<tr>
<td>Benefits</td>
<td>Tax Collecting</td>
</tr>
<tr>
<td></td>
<td>$90,000</td>
</tr>
<tr>
<td>Supplies</td>
<td>Bookkeeping</td>
</tr>
<tr>
<td></td>
<td>$50,000</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>Internal Auditing</td>
</tr>
<tr>
<td></td>
<td>$28,000</td>
</tr>
<tr>
<td>Total</td>
<td>Monitoring Budget</td>
</tr>
<tr>
<td></td>
<td>$20,000</td>
</tr>
<tr>
<td>Total General Fund</td>
<td>Financial Reporting</td>
</tr>
<tr>
<td></td>
<td>$10,000</td>
</tr>
<tr>
<td></td>
<td>Program Total</td>
</tr>
<tr>
<td></td>
<td>$258,000</td>
</tr>
<tr>
<td>County Auditor</td>
<td>Total, Financial Administration,</td>
</tr>
<tr>
<td>Salaries</td>
<td>all funds</td>
</tr>
<tr>
<td></td>
<td>$258,000</td>
</tr>
<tr>
<td>Benefits</td>
<td></td>
</tr>
<tr>
<td>Supplies</td>
<td></td>
</tr>
<tr>
<td>Capital Outlay</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
</tr>
</tbody>
</table>

Note also that the program budget may be drawn up with or without regard to the fund(s) that finance the program. Although additional columns are sometimes added to show the breakdown of disbursements by fund, the emphasis is still on the program — what needs to be done, rather than what is bought or how it is financed.

Finally, many organizations that use a program budget format to decide where to put their resources also use an object-of-expenditure budget to control spending at the departmental level.

Supplementary Data

The minimum supplementary data in any good county budget should include:

- Letter of transmittal.
- Budget certificate.
- Budget summary.
- Five-year summary of receipts and expenditures.
- Property values and ad valorem tax estimation for budget year.
- Ad valorem tax rate and collection history.
• Outstanding indebtedness.
• Debt service requirements.

Counties should add to this list whenever possible other figures and narratives that help the reader understand county operations. A few examples are:

• A brief summary of the purpose of each fund.
• A brief summary of major receipt sources.
• A brief summary of the purpose of each county office.
• A list of county officials.
• Population trends.
• Local economic trends.
Chapter 8

Estimating Receipts

Introduction
There are two kinds of estimates needed for county budgets: receipts and disbursements. From these estimates, the following budget figures are derived for each fund.

1. **Fund balance, beginning of next year** (present actual fund balance, plus estimated receipts for remainder of current year, less estimated associated with the current year’s revenue.
2. **Receipts** for the next fiscal year being budgeted.
3. **Disbursements** for the next fiscal year being budgeted.
4. **Fund balance, end of next fiscal year** (item 1 + 2 - 3, above)

The fund balance at the beginning of the next fiscal year is the same as the fund balance at the end of the current fiscal year minus encumbrances. This figure may be obtained by simply looking at the current year’s budget. This figure should be checked for reasonableness periodically. This may involve estimating various receipts and disbursements for the remainder of the current year. Significant changes in fund balances should be reflected in budget amendments.

This section discusses ways to estimate receipts.

Property Taxes
Property taxes are relatively easy to estimate. Here is a brief summary of the collection process, as set out in the Tax Code §26.01, 31.03 and 31.05.

1. By July 25, or as soon thereafter as practical, the county’s chief appraiser shall provide the county a certified estimate of the total appraised value of all property in the district that is taxable by the county.
2. Commissioners court approves tax rate. The court also authorizes discounts for early payments and approves split payments.
3. Taxes on the current tax roll are due by Jan. 31 of the following year. They may be collected beginning Oct. 1 of the current year. Discounts may be allowed according to the following amounts: 3 percent for payment in October or earlier; 2 percent in November, and 1 percent in December.
4. Penalties and interest are assessed beginning February 1. The tax assessor-collector’s office has the schedule of rates.
5. Although current taxes are technically delinquent if not paid by Jan. 31, they are not normally reported on the delinquent tax roll until July 1. For budgeting and accounting purposes, it is useful to consider as current tax collections those taxes collected by June 30.

Fortunately, tax collection patterns are usually consistent from year to year for a particular county. About the same percentage of the levy is collected over a certain time period each year. For example, one county may have had the following average collection experience over the past 20 years.
Unless there is reason to believe otherwise (for example, a severe recession), these same percentages may be used to calculate a budget for the next fiscal year.

### Collection Experience Table

<table>
<thead>
<tr>
<th>Month(s) of Collection</th>
<th>Percent of Total Levy Collected</th>
<th>Cumulative Percent of Total Levy</th>
</tr>
</thead>
<tbody>
<tr>
<td>October</td>
<td>12 percent</td>
<td>12 percent</td>
</tr>
<tr>
<td>November</td>
<td>18 percent</td>
<td>30 percent</td>
</tr>
<tr>
<td>December</td>
<td>29 percent</td>
<td>59 percent</td>
</tr>
<tr>
<td>January</td>
<td>25 percent</td>
<td>84 percent</td>
</tr>
<tr>
<td>February-June</td>
<td>9 percent</td>
<td>93 percent</td>
</tr>
<tr>
<td>July-end of fiscal year in which due</td>
<td>2 percent</td>
<td>95 percent collected in current fiscal year</td>
</tr>
<tr>
<td>Collections of current levy in later years</td>
<td>3.5 percent</td>
<td>98.5 percent eventually collected</td>
</tr>
<tr>
<td>Considered uncollectible</td>
<td>0.5 percent</td>
<td>1.5 percent never collected</td>
</tr>
<tr>
<td>Discounts – as a percentage of total levy</td>
<td>1 percent</td>
<td>0 percent</td>
</tr>
<tr>
<td></td>
<td>100 percent</td>
<td>100 percent</td>
</tr>
</tbody>
</table>

### Current Property Taxes

The basic formula for estimating property taxes is:

\[
\text{(Taxable Value} \times \text{Tax rate}) \div 100 = \text{Tax levy}
\]

Keep in mind that the assessed value in this formula is the assessed value less appropriate exemptions.

**For example:**

\[
\text{($85,432,000} \times 1.10) \div 100 = \text{$939,752 in taxes levied.}
\]

If a county levies the Farm-to-Market and Lateral Road and Flood Control tax ($0.30/$100 maximum), it may need to figure the levy in two steps, because this road tax may have different exemptions. For example:

General levy = \[(85,432,000 ÷ 100) \times 0.80 = 683,456
\]

FM & LR FC levy = \[(78,651,000 ÷ 100) \times 0.30 = 235,953
\]

**Total levy** = $919,409

The budget officer should work closely with staff in the tax office to estimate tax levies and collections. A cooperative process ensures all factors affecting the levy and collections are taken into consideration.
Current Property Taxes—Estimating for Next Fiscal Year

Use the basic formula to figure the total levy.

Using past experience as a guide, unless there are good reasons to modify past experience - such as a severe recession - subtract the following from figures determined using the basic formula:

- Estimated discounts projected;
- Estimated delinquencies (taxes from the next levy that will not be collected until after June 30 of the next fiscal year); and
- Estimated uncollectible amounts.

If the tax roll has not yet been finalized and certified, estimates of total taxable assessed value must be used.

Until the commissioners court adopts the budget and taxes are actually levied, the exact tax rate, and thus tax receipts, will remain unknown. The tax rate to be adopted may depend in large part upon the level of budgeted expenditures. At the same time, expenditure levels may depend upon the tax rate. There is no easy solution to this situation. The budget officer can assist by estimating receipts at various tax rates and by helping to ensure reasonable evaluations of spending alternatives.

Delinquent Property Taxes

There are two components to estimating the amount of delinquent taxes that will be collected in the next fiscal year.

1. Taxes due in years before the year for which the budget is being prepared that will be collected in the year for which the budget is being prepared.
2. Taxes that will be due in the budgeted year but that will not be collected until after June 30.

Past experience is the best guide for estimating these amounts. A tax collection experience table, similar to the one illustrated on the previous page, is helpful.

Penalties and Interest

Penalties and interest are a relatively constant percentage of the outstanding total delinquent taxes. This percentage should be checked, using several prior years — at least five, but preferably 10 or 20. If no accurate prediction is possible, then a reasonable "guesstimate" must be made. Penalties and interest are normally a very small amount, so the possibility of a large error is probably negligible.

Fees of Office

State law sets most fees a county office can collect, such as fees for birth, death, and marriage certificates. There is little point in trying to estimate the revenue to be gained from each individual fee. Rather, one estimate may be made for each office that collects a number of fees. Past experience, an examination of trends, and knowledge of conditions that affect the more significant fees offer appropriate information for estimates. The budget officer should work closely with each collecting office to estimate these amounts based on past experience.

Fines

To estimate receipts from fines, use the same procedures employed for estimating fees of office.
**Motor Vehicle Registration**

Provisions of the Transportation Code §502.102, allows counties to keep all of the first $60,000 in motor vehicle registration fees plus $350 for each mile of county road, not to exceed 500 miles. After the $60,000, the county may retain half of the collections until this additional collection equals $125,000.

In addition to the above stated motor vehicle registration fees, Transportation Code §502.172 authorizes the commissioners court of each county to impose a fee not to exceed $10 for each vehicle registered in the county. A county may impose this fee only to take effect beginning Jan. 1 of each year. The Texas Department of Transportation shall be notified before Sept. 1 of the year preceding the year in which the fee takes effect.

**Other Receipts**

Unless there are factors that make fairly accurate calculations possible (such as the tax levy and collection formulas), the explanation under “fees of office” must apply here also.

Many counties charge for various services and facilities, such as swimming pools and the cost of boarding prisoners from other jurisdictions. The revenue involved is sometimes too small to spend a lot of effort making precise revenue projections, but the mathematical techniques discussed in Chapter 10 can be used.

Interest earnings may be predicted if the county can estimate its idle cash balances at various times during the fiscal year. These balances are likely to be highest from October through March, during and after the time when most levies are collected and before they are spent. If it is not possible to estimate idle cash balances, past experience is a reasonable guide, assuming there are no significant deviations from the amount and timing of past years’ receipts and disbursements.

For budgeting purposes, many of the smaller revenue sources may be estimated as a single group using past experience and mathematical techniques. It is not worth the county's time and effort to estimate insignificant items individually.
Chapter 9

Estimating Disbursements

Estimating Procedures for Disbursements

Personnel Services
This category is usually the largest single item in a county's expenditures. It is also the easiest to estimate, because the county in almost all cases controls the relevant salary rates and the number of positions. Budget estimates require merely a list of personnel (present and proposed) and applicable salaries (or estimated hours to be worked multiplied by the wage rates). Personnel services include salaries, wages, travel expenses and fees for professional consultant services.

Problems that arise in estimating in this area usually are the result of trying to decide if additional positions are justified. A careful analysis of the workload is the best way to resolve this problem.

Employee Benefits
Benefits may significantly increase the total cost of personnel. The county's share of social security and retirement benefits add 12 to 13 percent or more to the cost of salaries. Many counties also pay all or part of employees' health insurance. The actual cost of benefits is normally known in advance, either as a dollar amount (such as $250 toward each employee's health insurance) or as a rate (such as 10 percent of gross pay for retirement).

Amounts withheld or deducted from an employee's gross pay, such as withholding tax and the employee's share of retirement, are not budgeted, since they are included in gross salary.

A residence furnished by the county, or a county-paid housing allowance, is a benefit and should be charged to the department to which it is incurred.

Operating Costs (Supplies and Other Current Charges)
Many operating costs are not difficult to estimate because, in large part, the county controls them (for example, travel expenses) or the costs are known in advance with a high degree of accuracy. An example would be the cost of insurance premiums, association dues, or conference expenses.

Projections of the cost of items such as utilities for the year being budgeted are possible by applying the probable rate charge. Projection may be done by the simple mathematical techniques discussed later. These techniques are based on past experience, and would have to be modified if conditions change (for example, in the case of utilities, replacement of an old central air conditioning system could significantly affect electricity usage). Others can be estimated by projecting dollar amounts, based on past experience, again using the mathematical techniques.

When using past experience to project future usage (such as kilowatt hours) or dollar amounts, it is assumed that past usage and dollar amounts did not represent excessive and wasteful levels. If this were the case, adjustments should be made.

Operating costs may include supplies, maintenance, utilities, rentals, leases, printing and non-capitalized equipment.
For example:
1. If the current budget for office supplies in Office A is $6,000; and
2. If the current usage of office supplies could be cut back by 10 percent without a loss of efficiency and effectiveness; and
3. If the county’s suppliers state that a 15 percent increase in price of office supplies may be expected next year;
4. Then, the office supply budget for Office A could be figured as:
   • current usage in dollars less 10 percent
     $6,000 - $600 = $5,400
   • plus 15 percent
     $5,400 + (15 percent x 5,400) = $6,210
   • $6,210 would be budgeted for Office A office supplies next year

If the real need for office supplies, or any other operating cost, is growing, estimates of that growth should be made.

**Capital Outlay**
Capital outlay refers to purchases of capital assets such as equipment, fixtures, buildings, and land. There should be an operational definition of “capital asset” for each county, so that insignificant items, such as wastebaskets, which are long-lived but immaterial in cost, are not included in the capital outlay budget. A common definition for equipment and furniture is “having a useful life of more than one year and costing more than $100.”

Estimates of the cost of capital outlay items may be obtained from potential suppliers. Many fixed assets are put up for bids, so the final price is unknown when the budget is being prepared. There is probably no more uncertainty here than in budgeting for operating expenses, such as office supplies, several months in advance.

Budget requests and estimates for capital outlay should be accompanied by an estimate of the items’ future repair and maintenance costs. Even if the estimate is rough, it will give county officials an idea of what to expect and set aside in future years and help to plan for these costs. Information gathered from potential suppliers, present users of similar assets, and the county’s past experience with similar assets offer good guides for accurate estimates. An average of the figures from these three sources could be used.

Items of capital outlay that are approved should be listed on the final budget with their itemized cost. This system will ensure the capital items approved will be the ones purchased.

**Debt Service**
Since the timely repayment of long-term or short-term debt is a legal requirement that has been approved by the county, it is essential that the debt service portion of the county budget provide for adequate funding each year for debt service requirements. All counties should maintain an accurate and current schedule of required annual debt service payments, and the annual debt service budget should be prepared based on that schedule. Separate amounts for bond principal, interest, retirement costs, and paying agent service charges should be budgeted. Bond covenants and federal arbitrage regulations also set requirements for a substantial depletion of available funds in each year’s adopted budget with no more than one-twelfth of annual debt service expenditures carried over as fund balance into the new budget year. The county’s bond attorneys and financial advisory firm are reliable sources of information on debt service requirements, if needed.
**Departmental Estimates**

Department heads should make the initial expenditure estimates themselves, relying on the budget officer’s instructions and the commissioners court’s policy directives. Before this, the budget officer will have made preliminary countywide estimates for the financial forecast. The budget officer should be available to offer assistance and answer questions about the policy directives and estimating methods.

A useful format for these initial departmental estimates consists of three schedules for each office.

1. A general departmental estimate by budgetary accounts.
2. A personnel schedule.
3. A capital outlay schedule.

The easiest way to prepare the general departmental estimate is to make copies of a blank form that will actually be used in the budget and distribute them to departmental heads (for example, many counties give officials copies of the department budget form in Table 2).

The personnel schedule is a list of:

1. All positions in the office, or expected to be in the office, including job classifications.
2. Persons occupying those positions.
3. Salary data.
4. Justification for new positions requested.

The capital outlay schedule should include:

1. A detailed description of item(s) to be purchased.
2. The estimated cost to purchase (including freight and installation charges and any other expenditures necessary to make the item ready for use).
3. Available estimates of future years’ repair and maintenance costs.
4. Justification for planned purchases.
5. Cost to maintain existing assets during the upcoming year.

This schedule supports the request for capital outlay in the general departmental estimate.

Remember that hiring additional personnel frequently requires additional furniture and equipment.

Around the time department heads are calculating their budgets, the budget officer should be estimating expenditures that cannot be assigned to a department head. Examples are utilities, grants to volunteer fire departments, and blanket insurance.

After receiving the completed departmental requests, the budget officer should:

1. Review the requests for accuracy, reasonableness, and compliance with budget policy.
2. Discuss questionable areas with the department heads.
3. Combine the departmental estimates with the estimates of other expenditures, receipts, and fund balances into a preliminary budget.
4. Review the entire budget for reasonableness.
5. Prepare the budget for its first presentation to the commissioners court.

**Departmental Hearings**

The commissioners court should hold a series of meetings with each department head to review the departmental budget requests carefully. The budget officer should be present. Additionally, the commissioners court may instruct departments to first meet with the budget officer and to appear before the court only if a budgetary matter remains unresolved.

These hearings give the commissioners court the opportunity to learn in detail about the operations, problems, and plans of individual departments. They give the department head the chance to be heard before the governing body that makes the final decisions on the budget.

If the expenditure requests and estimates far exceed the anticipated available resources, the commissioners court can use this opportunity to decide which spending areas should be cut. The court also may discuss the possibility of a tax increase. “Across the board” expenditure reductions should be carefully considered. For example, an automatic cut of 15 percent in everything, or even in just one account, ignores differences in departments and programs. One office may already be operating with minimum staff and equipment and would be substantially hindered, while another office may have excess resources.

The result of these hearings should be to:

1. Decide whether a tax increase or decrease is necessary.
2. Provide the budget officer instructions for revising departmental budgets or estimates of tax receipts and other revenues under the county’s control (for example, charges for county-owned facilities, parks, etc).
Chapter 10
Mathematical Estimating Techniques

Objective mathematical techniques can help county officials estimate receipts and disbursements accurately. They do require gathering data for several prior years. If information has not been gathered before, using these methods will probably require extra time and effort the first time. In subsequent years, the county will have to add one year’s data to the prior years’ figures.

There is no point in using these techniques for budgeting items such as property taxes, over which the commissioners court has substantial control. The techniques are most useful for items for which it is not possible or practical to develop formulas, such as office supplies, and for items for which usage may be reasonably predicted based on past experience.

When to Use Mathematical Techniques
These methods also may not be practical for small individual items, because of the time and effort required to gather past data. It could be practical and useful, however, for a group of smaller items, such as miscellaneous expenses.

What follows are some of the items for which mathematical estimating techniques may be helpful.

Receipts

<table>
<thead>
<tr>
<th>Item</th>
<th>Units in Which Estimated</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fees of office</td>
<td>$</td>
<td>Best to estimate total of all fees for each office rather than individual fees.</td>
</tr>
<tr>
<td>Fines</td>
<td>$</td>
<td>Changes in speed limit enforcement and gasoline availability and price may require modifications of estimates derived from past receipts.</td>
</tr>
<tr>
<td>Motor vehicle registration</td>
<td>$</td>
<td>Use mathematical techniques only when the county cannot reasonably expect to reach $125,000 limit.</td>
</tr>
<tr>
<td>Charges for county facilities</td>
<td>Number of activities using facility</td>
<td>For example, estimate the number of persons using a swimming pool or number of vehicles using a landfill. Apply estimate of usage to appropriate rate.</td>
</tr>
</tbody>
</table>
Disbursements

<table>
<thead>
<tr>
<th>Item</th>
<th>Units in Which Estimated</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>All disbursements</td>
<td>varies</td>
<td>It is assumed there is no waste or excessive usage in past experience. Historical data must be modified by amount of excessive usage, if known.</td>
</tr>
<tr>
<td>Office supplies</td>
<td>$</td>
<td>Allowance must be made for increase in price of supplies.</td>
</tr>
<tr>
<td>Repair and maintenance</td>
<td>$</td>
<td>Increasing age of equipment, and for equipment additions and deletions. (However, these factors may cancel each other out over several years; a thorough analysis will tell).</td>
</tr>
<tr>
<td>Utilities</td>
<td>Kilowatt hours., cubic feet, gallons, etc.</td>
<td>Allowance must be made for building additions and replacement or modification of significant energy users, such as air conditioning systems.</td>
</tr>
<tr>
<td>Miscellaneous supplies and charges</td>
<td>$</td>
<td>Estimate as a group rather than individually.</td>
</tr>
</tbody>
</table>

The Mathematical Techniques – Procedure and Example

**Problem:**

It is the fourth month of fiscal 2009. The budget officer is working on the financial forecast for the commissioners court to use when it develops its budget policy. Needed are:

1. A projection of the total of Item A (a receipt or a disbursement) for the current year, 2009.

**Solution procedure:**

The solution is the same for a receipt or a disbursement. Item A could be fines or office supplies or estimated usage of a county park facility. This example projects three months’ experience to the end of the current year, but it could be six or eight months, or any other number.

Gather data for as many past years as practical — at least five, preferably 10. You will need data for the first three months of each year as well as for the entire year.

Arrange the data as shown in the example under columns [1] and [4]. At this point, all other columns are blank.

For the 3-months column and the 12-months column, compute the percentage change from one year to the next. The answers go in columns [2] and [5]. The method is as follows:

\[
\text{percent change} = \left( \frac{\text{One year} - \text{previous year}}{\text{previous year}} \right) \times 100
\]

For the three months of 2004 and 2005:
\[
\frac{(14,000 - 12,000)}{12,000} \times 100 = 16.67 \text{ percent}
\]

Compute the averages of columns [2] and [5].

Figure the ratio of three months to 12 months for each period year, 2005 through 2009. Place the answers in column [3].

\[
\frac{3 \text{ months}}{12 \text{ months}} \times 100
\]

For 1997:

\[
\frac{14,000}{74,000} \times 100 = 18.92 \text{ percent}
\]

Compute the average of column [3].

We are now ready to estimate the figures we need for the financial forecast.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>19,000</td>
<td>5.56%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>18,000</td>
<td>5.88%</td>
<td>18.95%</td>
<td>95,000</td>
<td>2.15%</td>
</tr>
<tr>
<td>2008</td>
<td>17,000</td>
<td>13.33%</td>
<td>18.28%</td>
<td>93,000</td>
<td>17.72%</td>
</tr>
<tr>
<td>2007</td>
<td>15,000</td>
<td>7.14%</td>
<td>18.99%</td>
<td>79,000</td>
<td>6.76%</td>
</tr>
<tr>
<td>2006</td>
<td>14,000</td>
<td>16.67%</td>
<td>18.92%</td>
<td>74,000</td>
<td>7.25%</td>
</tr>
<tr>
<td>2005</td>
<td>12,000</td>
<td>17.39%</td>
<td></td>
<td>69,000</td>
<td></td>
</tr>
<tr>
<td>Averages</td>
<td></td>
<td>9.72%</td>
<td>18.72%</td>
<td></td>
<td>8.47%</td>
</tr>
</tbody>
</table>

**Estimating the total for the current year**

**(in this example 2009)**

**First Method:**
Find the average for the first three months and multiply by 12.

\[
\frac{19,000}{3} \times 12 = \$76,000
\]

This method assumes that there is no seasonal variation in Item A.

**Second Method:**
Historical three-month ratio projected. Divide first three months of current year by average ratio of 3 to 12 mos.

\[
19,000 \div 0.1872 = \$101,496
\]

This method assumes that the same proportion of Item A will be occurring this year as in the average of past years.
**Third Method:**
Three-month growth rate projected. Multiply last year’s 12 months by the average growth rate for three months, plus one.

\[ 95,000 \times (0.0972 + 1) = 104,234 \]

This method assumes that the growth rate for three months is the same as the growth rate for 12 months.

**Fourth Method:**
Multiply last year’s 12 months by the average growth rate for 12 months, plus one.

\[ 95,000 \times (0.0847 + 1) = 103,046 \]

In this example, the three- and 12-month average growth rates are the same.

Discard the unreasonable and/or widely disparate answers, if any, and average the rest.

In this example, the first method gave a figure that is significantly different from the others, and is probably unreasonable. The assumption of no seasonal variation in Item A does not appear to be valid, since past years show less than one-fifth of Item A occurring in one-fourth of the year.

If there is a reason to believe that any of the assumptions of the other three methods are not valid, then the estimates based on them may also need to be discarded. A drastic change in past conditions usually makes these techniques useless.

The average of the remaining three is:

\[
\begin{align*}
$101,171 \\
$104,234 \\
$103,046 \\
\hline
\frac{308,451}{3} = 102,817
\end{align*}
\]

If this average appears to be reasonable, use it. If not, try to identify the reasons and modify the estimate based on these reasons.

There is a mathematical check on the reasonableness of this average: see how closely it comes to the average 12-month growth rate.

\[
\frac{(12 \text{ months 2009 estimate} - 12 \text{ months 2008}) + 12 \text{ months 2008}) x 100}{(102,817 - 95,000) + 95,000} x 100 = 8.23 \text{ percent},
\]

This is very close to the average of 8.47 percent.

**Estimating the Budget Figure for Next Year, 2010**

1. Compare:
   a) The estimate for this year’s (2010) Item A that was made last year (2009) at budget time, with
   b) The estimate just made above for Item A for this year (2010).
If the two estimates are reasonably close, last year’s method and the method above probably confirm each other. If they are not reasonably close, try to find out why and adjust the estimates or the techniques accordingly.

2. If last year’s technique appears valid, use it to estimate Item A for next year (2010). If the estimate appears reasonable in view of known conditions, use it.

3. You may also estimate Item A by applying the average 12-month growth rate from column [5] above to the current year’s (2010) 12-month estimate, as follows:

\[ 102,817 \times 1.0847 = 111,526 \]

Compare this with the answer obtained by using last year’s technique. The two figures may be averaged for the 2010 budget figure for Item A.

Any answer derived by any mathematical technique, even with the most sophisticated computer programs, is subject to modification by human judgment. County officials should review any estimate from any source. If conditions change to the point where past experience is no longer valid as a basis for prediction, then the combined knowledge of the county officials must be put to work on the best estimates (guesstimates) possible.
Chapter 11

Special Budget Requirements

Bonds, Grants and Intergovernmental Contracts

If a county bond issue is submitted at an election or other authorized obligations are to be issued against future revenues and a tax is to be levied for those obligations. Local Government Code §111.0105 requires the commissioners court to adopt a budget of proposed expenditures. On receipt of the proceeds of the sale of the bonds or other obligations, the county may make expenditures from the proceeds in the same manner as for expenditures for general purposes.

Local Government Code §111.0106 and 111.0107, require the county auditor, or the county judge in a county that does not have a county auditor, to certify to the commissioners court the receipt of all public or private grant or aid money and all revenue from intergovernmental contracts that is available for disbursement in a fiscal year but not included in the budget for that fiscal year. After certification, the court shall adopt a special budget for the limited purpose of spending the grant or aid money for its intended purpose.

Federal and state grants present several problems to county officials. Complex administrative, reporting, and audit requirements may make the benefits of such revenue sources appear to be more trouble than they are worth. In addition, it is often difficult to predict with any reasonable certainty how much a grant will yield, or even whether a grant will be forthcoming. Unfortunately, there is no way to eliminate this uncertainty.

A better understanding of the uncertainty involved in a particular grant can be gained by analyzing the grant’s requirements and prospects before accepting the grant. County management and financial officials should consider the following questions before accepting a grant:

1. How large is the grant in the current year and what is the anticipated amount in future years if funding continues?
2. How many employees will it add to the county payroll? For example, include the number of employees who may have to be paid in whole or in part from county funds if the grant is withdrawn or terminated?
3. What are the administrative costs and maintenance of effort requirements of the grant that will be funded by the county? How are these to be paid?
4. How many citizens will be served and what services will they receive?
5. What is the capacity of the county financial management system to monitor state or federal monies? Will changes need to be made to any IT systems to accommodate reporting requirements?
6. What is the probability the grant will be continued? How will the county determine if it will be continued? What long-term authorization has been given for the program at the state or federal level?
7. Must the county change any operational or financial procedures to meet the grant’s requirements?
8. Will any ongoing county programs be brought under state or federal regulations because of the grant program? If they are, in what way are they affected?
9. What problem or need will go unmet if the grant is not accepted?
10. What is the precise time period the grant funds may be used?

Many counties may not be able to contribute the personnel, time and expertise required to perform the analysis described above. However, county officials should consider the potential risks of omitting the impact of grant requirements and funding changes that can impact the county budget.

**Certification of County Revenue**

The county auditor, or the county judge in a county that does not have a county auditor, must certify to the commissioners court the receipt of revenue from a new source the county had not anticipated before adopting the budget and had not included in the budget for that fiscal year. After certification, the court may adopt a special budget to spend the revenue for general or for any intended purposes.

This applies only to funds maintained and controlled by a county tax assessor-collector that are not included in the county budget. At least 60 days before the first day of a county's fiscal year, the county tax assessor-collector must prepare a budget for the expenditure of those funds during that fiscal year and file a copy of that budget with the county budget officer. The county budget officer must make a copy of the budget filed with the budget officer available to the public whenever possible. The budget is not subject to approval by the commissioners court of the county, but any member of the public is entitled to speak for or against the budget during the county's budget process. The funds may be spent only in compliance with the budget filed with the county budget officer and may not be used to supplement the salary or cover the personal expenses of the county tax assessor-collector.
CHAPTER 12
Public Hearings and Budget Filings

General Discussion
Most of the laws and regulations that affect the budget of a Texas county are designed to support a citizen’s right to participate in local government. They provide:

1. Public hearings before funds are budgeted.
2. Advance public notice of these hearings.
3. The proposed budget for citizen inspection.
4. The adopted budget for citizen inspection.

Chapter 111 of the Local Government Code governs the county budget process. Currently, there are three subchapters that counties use to operate. One subchapter is dedicated to budget preparation in counties with a population of 225,000 or less. One is dedicated to those counties with a population of more than 225,000. Finally, the last subchapter is an alternate method of budget preparation in counties with a population of more than 125,000.

Notice of Public Hearing — Proposed County Budget
When the county budget officer, the county judge or county auditor, has prepared the budget, the officer must file a copy with the county clerk. If that county maintains an Internet website, it must post the proposed budget. If the county has an appointed budget officer, a copy of the proposed budget must be filed with the county auditor and the county clerk.

A copy of the proposed budget must be made available for public inspection. The commissioners court is required to hold a public hearing on the proposed budget and any county taxpayer may participate in the hearing.

In a county with an appointed budget officer, or in which the county auditor is the budget officer, the public hearing must be held within 10 calendar days after the date the proposed budget is filed but before the last day of the first month of the fiscal year. The commissioners court must publish notice that it will consider the proposed budget on the date of the budget hearing. The notice must be published once in a general circulation newspaper in the county and must state the date, time and location of the hearing.

In counties where the county judge serves as budget officer, the commissioners must set the hearing for a date after the 15th day of the month following the month when the budget was prepared but before the date on which taxes are levied by the court. The commissioners court is required to give public notice that it will consider the proposed budget on the date of the hearing. The notice must state the date, time and location of the hearing.

A mere typographical error in the notice of the hearing is not enough to nullify the hearing so long as the notice is in substantial compliance with the law. This is especially true when the facts demonstrate that the public was aware of and participated in the hearing. (See Gravis v. County of Duval, 337 S.W.2d 306, 308 (Tex. Civ. App. San Antonio 1960, no writ)).
Budget Hearing, Adoption, and Filing

Local Government Code § 111.007, 111.038 and 111.067 grant all citizens attending the public hearing on the proposed budget the right to ask questions and offer comments. During the hearings, the commissioners court may make changes in the proposed budget.

The law does not spell out the procedures for conducting the hearing. The courts have ruled that a commissioners court may conduct a budget hearing in any reasonable manner it sees fit. The commissioners court is under no obligation to provide an explanation or justification of each and every budget line item. The budget does not have to be adopted in exactly the same language as it was originally filed. If this were true, there would be little use in conducting a hearing.

While the commissioners court has broad discretionary powers in making its budgetary decisions, its power is not boundless. A district court has the authority to abrogate the commissioners court’s actions if the commissioners court abuses its discretion. The district court, however, does not have a right to speculate on the policy decisions of the commissioners. The budgeting of county funds is a discretionary act of the public officials elected to make such decisions. The district court’s authority extends only to illegal expenditures and to situations where the commissioners abuse their discretion. The district court has no authority to substitute its judgment for that of elected officials on particular expenditures.

At the conclusion of the hearing, the commissioners court must act upon the proposed budget, including any changes. The court may pass it by a majority vote, or adoption may be postponed until a later meeting. In any case, the vote adopting the budget must be separate from the vote setting the tax rate.

Once the budget is formally adopted, it must be drawn up in final form as passed by the court and copies should be filed with the county clerk; in counties with a population of more than 225,000 or those counties operating under an alternate budget method, the budget is also filed with the county auditor. All counties that maintain Internet websites must ensure the budget is posted on their website.

Public Hearing — Requirements for Tax Increase

The commissioners court must adopt a tax rate for the current tax year before the latter of Sept. 30 or the 60th day after it receives the certified appraisal roll. (See Appendix C.) The court also must notify the county tax assessor before this date of the rate adopted. Commissioners may not impose property taxes in any year until they adopt a tax rate for that year, and the annual tax rate must be set by order. The vote on the order setting the tax rate must be separate from the vote adopting the budget.

If a tax rate is not adopted before the date indicated above, the tax rate for the county for that tax year is the lower of the effective tax rate calculated for that tax year or the tax rate adopted by the county for the preceding tax year.

The county may not adopt a tax rate that exceeds the lower of the rollback tax rate or the effective tax rate until it holds two public hearings on the proposed tax rate.

Simplified Tax Rate for Smaller Counties

The county is exempt from the notice and publication requirements for a public hearing if the total tax rate proposed for the current tax year is:

1. 50 cents or less per $100 of taxable value; and
2. would impose taxes of $500,000 or less when applied to the current total value for the county.
A county may provide public notice of its proposed tax rate by mailing a notice of the proposed tax rate to each owner of taxable property in the county; or publishing notice of the proposed tax rate in the legal notices section of a newspaper with general circulation in the county. This notice must be published not later than the seventh day before the date on which the tax rate is adopted.

This notice must include the tax rate that the county proposes to adopt; the date, time, and location of the meeting of the commissioners court at which the court will consider adopting the proposed tax rate; and if the proposed tax rate for the county exceeds the county’s effective tax rate, a statement substantially identical to the following: “The proposed tax rate would increase total taxes in (name of county) by (percentage by which the proposed tax rate exceeds the effective tax rate).”

**Small County Notice (Sample)**

<table>
<thead>
<tr>
<th>The ____________________________ Commissioners Court will hold a meeting at ____________________________ on ____________________________ at ____________________________ to consider adopting the proposed tax rate of ____________________________ per $100 of value.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The proposed tax rate would increase total taxes in ____________________________ by ____________________________.*</td>
</tr>
</tbody>
</table>

* Include this statement if the proposed tax rate exceeds the effective tax rate.

A county that provides public notice of a proposed tax rate in this manner may not adopt a tax rate that exceeds the rate set out in the notice unless the county provides additional public notice of the higher rate or complies with the public hearing requirements in adopting the higher rate.

### Notice, Hearing, and Vote on Tax Increase

The commissioners court may not adopt a tax rate that exceeds the lower of the rollback tax rate or the effective tax rate until it has held a public hearing on the proposed tax rate. The public hearing may not be held before the seventh day after the date the notice of the public hearing on the proposed tax increase is given.

The hearing must be on a weekday that is not a public holiday. The hearing must be held inside the boundaries of the county in a publicly owned building or, if a suitable publicly owned building is not available, in a suitable building to which the public normally has access.

Adequate opportunity for proponents and opponents of the tax increase to present their views must be provided. The notice of a public hearing may not be smaller than one-quarter page of a standard-size or a tabloid-size newspaper and the headline must be in 24-point or larger type.

The county must deliver a notice about the public hearing by mail to each property owner in the county or may publish the notice in a newspaper so long as the notice is not in the part of the paper in which legal notices and classified advertisements appear. To be valid, the notice must substantially conform to the language and format provided by the Comptroller.

The following is a sample of the notice:
Notice of Public Hearing on Tax Increase

**Property Tax**

**Form 50-197**

**Notice of Public Hearing on Tax Increase**

The ___________________________ will hold two public hearings on a proposal to increase total tax revenues from properties on the tax roll in the preceding tax year by __________ percent (percentage by which proposed tax rate exceeds lower of rollback tax rate or effective tax calculated under Tax Code, Chapter 26). Your individual taxes may increase at a greater or lesser rate, or even decrease, depending on the change in the taxable value of your property in relation to the change in taxable value of all other property and the tax rate that is adopted.

The first public hearing will be held on __________________ at __________________ .

The second public hearing will be held on __________________ at __________________ .

The members of the governing body voted on the proposal to consider the tax increase as follows:

FOR:

AGAINST:

PRESENT and not voting:

ABSENT:

The average taxable value of a residence homestead in ___________________ last year was ________________ .

Based on last year’s tax rate of __________________ per $100 of taxable value, the amount of taxes imposed last year on the average home was ________________ .

If the governing body adopts the effective tax rate for this year of __________________ per $100 of taxable value, the amount of taxes imposed this year on the average home would be ________________ .

If the governing body adopts the proposed tax rate of __________________ per $100 of taxable value, the amount of taxes imposed this year on the average home would be ________________ .

Members of the public are encouraged to attend the hearings and express their views.

Enhanced Indigent Health Care Expenditures:

The ___________________________ spent $ __________________ from _________________ to _______________ on enhanced indigent health care at the increased minimum eligibility standards, less the amount of state assistance. For the current tax year, the amount of increase above last year’s enhanced indigent health care expenditures is ________________ .

* Print only if applicable.

The Property Tax Assistance Division at the Texas Comptroller of Public Accounts provides property tax information and resources for taxpayers, local taxing entities, appraisal districts and appraisal review boards. For more information, visit our website: www.window.state.tx.us/taxinfo/taxforms/proptax

This form (#50-197) is available from the Comptroller of Public Accounts. It can also be downloaded from the Comptroller’s Web site at http://window.state.tx.us/taxinfo/taxforms/02-form14.html.
If the county owns, operates or controls an Internet website, it must post on its website an additional notice of the public hearing at least seven days before the hearing on the proposed tax rate increase. The county must also post a notice of the vote proposing the increase in the tax rate at least seven days before the date of the vote.

If the county has free access to a television channel, it must request that the station carry a 60-second notice of the public hearing at least five times a day between 7 a.m. and 9 p.m. The notice must run for at least seven days. This posting must be accomplished both immediately before the public hearing on the proposed tax rate increase and before the vote on the proposed tax rate.

These requirements do not apply to a county that is unable to comply because of the failure of an electronic or mechanical device (including a computer or server) or due to other circumstances beyond its control.

At the public hearing, the commissioners court must announce the date, time and place of the meeting at which the court will vote on the proposed tax rate. After the public hearing, the county must publish a second quarter-page ad. This second ad notifies taxpayers of the meeting in which the governing body will vote on the tax increase. The ad must be the same type, size and in the same place as the first ad.

The following is a sample of the notice:
NOTICE OF TAX REVENUE INCREASE

The ________________________ (name of taxing unit) conducted public hearings on ___________ and ___________ on a proposal to increase the total tax revenues of the ________________________ (name of taxing unit) on the tax roll in the preceding year by ________________________ percent.

The total tax revenue proposed to be raised last year at last year’s tax rate of ________________________ for each $100 of taxable value was ________________________.

The total tax revenue proposed to be raised this year at the proposed tax rate of ________________________ for each $100 of taxable value, excluding tax revenue to be raised from new property added to the tax roll this year, is ________________________.

The total tax revenue proposed to be raised this year at the proposed tax rate of ________________________ for each $100 of taxable value, including tax revenue to be raised from new property added to the tax roll this year, is ________________________.

The ________________________ (governing body of the taxing unit) is scheduled to vote on the tax rate that will result in that tax increase at a public meeting to be held on ____________ at ____________. (governing body of the taxing unit)

This form (#50-198) is available from the Comptroller of Public Accounts. It can also be downloaded from the Comptroller's Web site at http://window.state.tx.us/taxinfo/taxforms/02-form14.html
The meeting to vote on the tax increase may not be earlier than the third day or later than the 14th day after the date of the public hearing.

If the commissioners court does not adopt the tax rate on the date announced in this second notice, then the court must run a new notice before the court may adopt a rate that exceeds the lower of the rollback tax rate or the effective tax rate.
Chapter 13
Amending the Budget

Introduction
The most fundamental way to make a budget a useful management and administrative tool is to monitor the progress of actual receipts and expenditures against the budgeted figures. The best way to monitor is to incorporate the budget into the accounting records and to report on the status of the budget at least monthly to the commissioners court.

By monitoring the progress of the budget throughout the year, several objectives are accomplished:

1. The commissioners court knows how its financial plan is working.
2. Department heads know how their spending is progressing compared to their departmental budgets.
3. Unspent budget balances may be easily determined.
4. The validity of budget estimating techniques may be checked.
5. Sufficient warning time is available so that the budget can be amended before the county exceeds its budget.

When to Amend
Local Government Code §111.010 (b) allows counties to spend money only in strict compliance with their adopted budgets, except in an emergency. This provision means that:

1. Funds may be spent only for items or categories of items that are included in the adopted budget.
2. A commissioners court, by order, may transfer an amount budgeted for one item to another budgeted item without authorizing an emergency expenditure.

Local Government Code §111.011 allows the budget to be amended, “for county purposes” and/or as a result of emergencies, grave public necessities, and unusual and unforeseen conditions that could not reasonably have been foreseen when the budget was prepared and adopted. These emergencies and unforeseen conditions are generally considered issues of fact to be determined by the county commissioners.

It is not advisable to amend the budget frequently. Amendments defeat the purpose of the budget as a tool for planning and control. If budgets are prepared with a reasonable amount of care, with a sincere desire to follow them, few amendments should be necessary.

Among acceptable reasons for amendments are:

1. Inflation runs much higher than anticipated; a recession more severe than anticipated; or any substantial, unanticipated change in economic conditions.
2. Natural disasters.
3. Invalid assumptions underlying budget estimates of receipts and disbursements.
4. Beginning-of-year fund balances significantly different from balances anticipated.

How to Amend the Budget

Officials desiring an amendment should state their case in writing to the commissioners court, and include:

1. What expenditures are to be increased or decreased.
2. How the increase, if any, is to be funded: by a reduction in estimated year-end fund balance, by a reduction in other expenditures, or by an increase in receipts above budgeted amounts.
3. Justification for the amendment.
4. Course of action if the amendment is not approved.

The commissioners court should consider the amendment carefully, especially in terms of how it conforms to its stated spending policies. If the commissioners vote favorably, the budget may be amended in one of two ways:

1. If funds are to be transferred from an existing line item to another existing line item, a simple order to amend by transferring funds is sufficient. The order must state exactly how the funds are to be reallocated.
2. If a new line item is created, then it is necessary for the commissioners court to enter an order setting forth how the budget is to be amended; declare an emergency; and find that a grave public necessity exists to meet unusual and unforeseen conditions that could not, by reasonably diligent thought and attention, have been included in the original budget.
3. If revenue is short, strike or reduce line items.

Whether an emergency exists justifying a budget amendment is a question of fact and is generally left to the discretion of the commissioners court. Their decision is subject to judicial review for abuse of discretion. Because courts have rendered budget amendments invalid in cases where commissioners courts failed to state the facts justifying an emergency amendment, the commissioners court would be wise to formally adopt reasons for the emergency.

(See Texas Attorney General L0-97-051.)
What follows are examples of formats for the two types of budget amendments:

**Line-item Transfer Amendment**

DATE: ______________________

Honorable Commissioners Court of ______________________ County: _________________

I submit to you for your consideration the following line-item transfers:

<table>
<thead>
<tr>
<th>FUND</th>
<th>DEPT.</th>
<th>ACCT.</th>
<th>AMT.</th>
</tr>
</thead>
<tbody>
<tr>
<td>From:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To:</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Reason: ____________________________________________

____________________________________
Department Head

_______________________________
Approved: County Judge for
Commissioners Court

_______________________________
Attest: County Clerk
# Emergency Budget Amendment

DATE: ________________________

Honorable Commissioners Court of ______________________ County: ______________________

I would like to request the following emergency expenditure as an amendment to my departmental budget:

<table>
<thead>
<tr>
<th>FUND</th>
<th>DEPT.</th>
<th>ACCT.</th>
<th>AMT.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Reason for grave public necessity or unforeseen condition: ________________________________
___________________________________________________________________________

There are no areas in my current budget to reduce in order to fund the above-mentioned items.

Department Head

Approved: County Judge

Approved: County Judge for Commissioners Court

Attest: County Clerk

Be sure to review other departments within the fund for areas where funds could be used to make these amendments. Line-item transfers are always preferred over budget amendments.

## Governmental Accounting Standards Board (GASB) 34 Standards

Under GASB 34 standards, governments are required to continue to provide budgetary comparison information in their annual reports. An important change, however, is the requirement to add the government's original budget to that comparison. Many governments revise their original budgets over the course of the year for a variety of reasons. Requiring governments to report their original budget in addition to their revised budget adds a new analytical dimension and increases the usefulness of the budgetary comparison.

Budgetary changes are not, by their nature, undesirable. However, the information will be important — in the interest of accountability — to those who are aware of, and perhaps made decisions based on, the original budget. This information will also allow users to assess the government’s ability to estimate and manage its resources.
Appendix A

Local Government Code: County Financial Accounting

Subchapter A. General Provisions

§112.001. Accounting System in County With County Auditor and Population of Less Than 190,000
In a county with a population of less than 190,000, the county auditor may adopt and enforce regulations, not inconsistent with law or with a rule adopted under Section 112.003, that the auditor considers necessary for the speedy and proper collecting, checking, and accounting of the revenues and other funds and fees that belong to the county.

Acts 1987, 70th Leg., ch. 149, §1, eff. Sept. 1, 1987.

§112.002. Accounting System in County With County Auditor and Population of 190,000 or More
(a) In a county with a population of 190,000 or more, the county auditor shall prescribe the system of accounting for the county.

(b) The county auditor may adopt and enforce regulations, not inconsistent with law or with a rule adopted under Section 112.003, that the auditor considers necessary for the speedy and proper collecting, checking, and accounting of the revenues and other funds and fees that belong to the county or to a person for whom a district clerk, district attorney, county officer, or precinct officer has made a collection or for whose use or benefit the officer holds or has received funds.


§112.003. Comptroller’s Authority to Prescribe Forms and Determine Manner of Stating Accounts; Uniform Chart of Accounts
(a) The comptroller of public accounts shall prescribe and prepare the forms to be used by county officials in the collection of county revenue, funds, fees, and other money and in the disbursement of funds. The comptroller shall prescribe the manner of keeping and stating the accounts of the officials.

(b) A county may use the uniform chart of accounts developed and recommended by the Texas County Financial Data Advisory Committee and implemented by the comptroller in reporting financial data or other pertinent information to the state.


§112.004. Accounts Kept for Officers by County Clerk
(a) This section applies only to a county that does not have the office of county auditor.

(b) The county clerk shall keep in the county finance ledger an account for each officer of the county, district, or state who is authorized or required by law to receive or collect money or other property that is intended for the use of the county or that belongs to the county.
At the top of each page in an officer’s account, the clerk shall state the name of the officer and the title of the office.

(c) The clerk shall keep any other accounts necessary to carry out the purposes of this subtitle and shall conveniently index the accounts.

(d) The clerk shall enter items daily in the proper accounts.

(e) Every financial report and voucher must be filed with the clerk, who shall effectively preserve the report or voucher and note it briefly in the proper account.

(f) The clerk shall balance each account maintained under this section.

Acts 1987, 70th Leg., ch. 149, §1, eff. Sept. 1, 1987.

§112.005. Accounts Kept for Officers by County Auditor

(a) The county auditor shall maintain an account for each county, district, or state officer authorized or required by law to receive or collect money or other property that is intended for the use of the county or that belongs to the county.

(b) In the account, the auditor shall detail the items of indebtedness charged against that officer and the manner of discharging the indebtedness.

(c) The auditor shall require each person who receives money that belongs to the county or who has responsibility for the disposition or management of any property of the county to render statements to the auditor.

Acts 1987, 70th Leg., ch. 149, §1, eff. Sept. 1, 1987.

§112.006. General Oversight Authority of County Auditor

(a) The county auditor has general oversight of the books and records of a county, district, or state officer authorized or required by law to receive or collect money or other property that is intended for the use of the county or that belongs to the county.

(b) The county auditor shall see to the strict enforcement of the law governing county finances.

Acts 1987, 70th Leg., ch. 149, §1, eff. Sept. 1, 1987.

§112.007. County Auditor’s Records of County Financial Transactions

The county auditor shall keep a general set of records to show all the transactions of the county relating to accounts, contracts, indebtedness of the county and county receipts and disbursements.

Acts 1987, 70th Leg., ch. 149, §1, eff. Sept. 1, 1987.

§112.008. Maintenance of Finance Records by Commissioners Court

(a) The commissioners court of a county shall maintain a county finance ledger with an index. The court shall have a full and orderly statement of the condition of the county finances entered in the ledger.

(b) The county finance ledger is open to public inspection.

Acts 1987, 70th Leg., ch. 149, §1, eff. Sept. 1, 1987.

§112.009. County Auditor Performing Duties Instead of County Clerk

If a duty imposed by this subtitle on the county auditor is the same or nearly the same as a duty imposed by law on the county clerk, the county clerk is relieved of the duty.

Acts 1987, 70th Leg., ch. 149, §1, eff. Sept. 1, 1987.
§112.010. County Fiscal Year

(a) The county fiscal year is the calendar year unless the commissioners court of the county adopts a different fiscal year as provided by Subsection (b) or (c).

(b) At a regular meeting, the commissioners court of a county may by order adopt as the county fiscal year a one-year period that begins on October 1 of each year.

(c) At a regular meeting, the commissioners court of a county with a population of 3.3 million or more may by order adopt as the county fiscal year a one-year period that begins on October 1 or March 1 of each year. In the order, the commissioners court may provide for the transition from one fiscal year to another by designating an interim fiscal year that may be longer or shorter than a 12-month period.

(d) The commissioners court of a county that has adopted a fiscal year under Subsection (b) or (c) may, by order adopted at a regular meeting, revert to a fiscal year that is the calendar year.

(e) If a law prescribes a certain date or month each year for an action relating to a county budget and the law is based on the assumption that the county fiscal year corresponds to the calendar year, in a county that has a fiscal year other than the calendar year the law shall be construed as prescribing a date or month that bears the same relationship to the beginning of the fiscal year that the specified date or month bears to January 1.


Subchapter B. Tax Accounts and Records

§112.031. Account for Tax Assessor-Collector

In keeping an account for the county tax assessor-collector, the county clerk must:

(1) keep a separate account for each separate fund on the tax rolls;
(2) state in each separate account the name of the tax assessor-collector, the character of the fund entered on the tax rolls, and the year for which the tax is assessed; and
(3) keep separate and distinct the taxes assessed for each year.

Acts 1987, 70th Leg., ch. 149, §1, eff. Sept. 1, 1987.

§112.032. Receipt for Tax Rolls; Credits

(a) When the tax rolls are ready for delivery to the tax assessor-collector, the court or officer that has control of the tax rolls shall obtain a written receipt from the tax assessor-collector for the rolls.

(b) The receipt must specify the amount assessed and due to the county as listed on the tax rolls and shall state separately the amount assessed to each fund.

(c) The court or officer shall deliver the receipt to the county clerk, who shall charge in the proper account in the county finance records the tax assessor-collector with the amount stated in the receipt. Those amounts shall be treated as debts owed to the county by the tax assessor-collector.

(d) The tax assessor-collector shall discharge the indebtedness within the time prescribed by law by filing receipts with the county clerk for the discharged indebtedness as follows:

(1) The commission due to the tax assessor-collector;
(2) Proper vouchers for any amount that the tax assessor-collector is required to pay out of money on hand; and
(3) The county treasurer’s receipt for the money paid into the treasury.
§112.033. Indigent and Delinquent Tax Lists
(a) The tax assessor-collector shall make separate lists of indigent and delinquent taxpayers. Each list must show the name of the taxpayer and the amount owed.

(b) The commissioners court shall carefully examine each list and shall, by an order entered on the minutes of the court, state the names of the taxpayers and the amounts that are judged uncollectible.

(c) After the order has been made and entered, the tax assessor-collector is entitled to be credited with the amounts judged uncollectible in the proper accounts in the county finance records.

Acts 1987, 70th Leg., ch. 149, §1, eff. Sept. 1, 1987.

§112.034. Delivery of Tax Rolls to Successor
(a) On leaving office, the outgoing tax assessor-collector shall deliver the tax rolls in that officer’s possession to the successor officer. The successor officer shall give to the outgoing tax assessor-collector a written receipt for the amount of taxes owed on those rolls.

(b) The receipt must specify the amount of each fund and each year separately and must also indicate the amount due on the indigent and delinquent taxpayer lists.

(c) The outgoing tax assessor-collector shall deliver the receipts to the county clerk, who shall enter those allowed by the commissioners court to the credit of the officer who presents them. The clerk shall charge the credited amounts to the successor officer in the proper accounts.

Acts 1987, 70th Leg., ch. 149, §1, eff. Sept. 1, 1987.

§112.035. Occupation Tax Records
(a) The tax assessor-collector shall collect all occupation taxes owed to the county without assessment. That officer shall give the person who pays the tax a written receipt that states the person’s name, the occupation for which the tax is imposed, the period for which the tax payment is made, and the amounts collected for the state and for the county.

(b) On payment of the tax, the tax assessor-collector shall:

1. issue the person a license in the name of the state, the county, or both, according to the tax that the person paid, that authorizes the person to engage in the occupation during the period for which the tax is paid; and

2. pay into the treasury the amount of the tax collected for the county.

(c) The tax assessor-collector shall keep an occupation tax account.

(d) At the end of each month, the tax assessor-collector shall make two reports. The tax assessor-collector shall mail the first report, relating to licenses issued on taxes paid to the state, to the comptroller of public accounts. If authorized by the comptroller, the report may be submitted electronically instead of by mail. The tax assessor-collector shall file the second report, relating to licenses issued on taxes paid to the county, with a county officer designated by the commissioners court. Each report must contain the information stated in the receipt for the tax and shall be dated and signed under the tax assessor-collector’s official seal.

Appendix A

Local Government Code: County Financial Accounting

Subchapter C. Other Specific Accounts

§112.051. Sheriff Account
(a) Except as provided by Subsection (c), the county clerk shall keep an account for the county sheriff that charges the sheriff with each judgment, fine, forfeiture, or penalty that is payable to and rendered in any court of the county and that the sheriff is charged by law to collect. The sheriff may discharge the liability by producing the county treasurer’s receipt that shows payment of the judgment, fine, forfeiture, or penalty.

(b) The sheriff may also discharge the liability by showing to the satisfaction of the commissioners court that the judgment, fine, forfeiture, or penalty cannot be collected or that it has been discharged through imprisonment or labor or by escape occurring without the sheriff’s fault or neglect. The sheriff must obtain an order of the commissioners court that allows the discharge.

(c) The sheriff is not liable for a judgment, fine, forfeiture, or penalty if the judgment, fine, forfeiture, or penalty is collected by:
   (1) a public or private vendor under Article 103.0031, Code of Criminal Procedure; or
   (2) the county treasurer or county auditor as required by Section 154.011.


§112.052. Justice of the Peace Account
(a) Except as provided by Subsection (c), a fine imposed or a judgment rendered by a justice of the peace shall be charged against that justice.

(b) The justice may discharge the indebtedness by:
   (1) filing with the county clerk the county treasurer’s receipt for the amount of the indebtedness;
   (2) showing to the satisfaction of the commissioners court that the justice has used due diligence to collect the amount without avail; or
   (3) showing to the satisfaction of the commissioners court that the indebtedness has been satisfied by imprisonment or labor.

(c) The justice is not liable for a fine imposed or judgment rendered by the justice if the fine or judgment is collected by:
   (1) a public or private vendor under Article 103.0031, Code of Criminal Procedure; or
   (2) the county treasurer or county auditor as required by Section 154.011.


§112.053. Estray Account
(a) If a notice of an estray is filed with the county clerk, the clerk shall keep an estray account on the debit side of the county finance ledger. The estray account must show the date of the notice, the name of the person who reported the estray, and a brief description of the animal. The clerk shall leave the amount of the charge blank until the sheriff files an account of the sale of the estray.

(b) When the account of the sale is filed, the county clerk shall enter the net amount due to the county from the sale in the blank in the estray account. When the county treasurer’s receipt is presented to the clerk, indicating the amount paid into the county treasury because of the sale, the clerk shall enter that amount on the credit side of the estray account,
showing the date, the name of the person paying, the amount paid, and a brief description of the animal. The clerk shall then charge that amount on the debit side of the county treasurer's account.

Acts 1987, 70th Leg., ch. 149, §1, eff. Sept. 1, 1987.

§112.054. County Treasurer Account
(a) The county clerk shall keep an account for the county treasurer in the county finance ledger. In that account, the clerk shall charge the treasurer separately with each amount for which the treasurer gives a receipt to the sheriff, county tax assessor-collector, or other person who pays the amount into the treasury.

(b) The clerk shall credit the treasurer with each amount paid out by the treasurer after the commissioners court has approved the treasurer's report of the payments. The clerk shall also credit the treasurer with the legal commissions of the treasurer's office.

Acts 1987, 70th Leg., ch. 149, §1, eff. Sept. 1, 1987.
Appendix B

Local Government Code: County Budget

Subchapter A. Budget Preparation in Counties with Population of 225,000 or Less

§111.001. Subchapter Applicable to Counties With Population of 225,000 or Less; Exception
This subchapter applies only to a county that has a population of 225,000 or less and that does not operate under Subchapter C.


§111.002. County Judge as Budget Officer
The county judge serves as the budget officer for the commissioners court of the county.

Acts 1987, 70th Leg., ch. 149, §1, eff. Sept. 1, 1987.

§111.003. Annual Budget Required
(a) During the 7th or the 10th month of the fiscal year, as determined by the commissioners court, the county judge, assisted by the county auditor or county clerk, shall prepare a budget to cover all proposed expenditures of the county government for the succeeding fiscal year.

(b) A proposed budget that will require raising more revenue from property taxes than in the previous year must contain a cover page with the following statement in 18-point or larger type: “This budget will raise more total property taxes than last year’s budget by (insert total dollar amount of increase and percentage increase), and of that amount (insert amount computed by multiplying the proposed tax rate by the value of new property added to the roll) is tax revenue to be raised from new property added to the tax roll this year.”


§111.004. Itemized Budget; Contents
(a) The county judge shall itemize the budget to allow as clear a comparison as practicable between expenditures included in the proposed budget and actual expenditures for the same or similar purposes that were made for the preceding fiscal year. The budget must show as definitely as possible each of the projects for which an appropriation is established in the budget and the estimated amount of money carried in the budget for each project.

(b) The budget must contain a complete financial statement of the county that shows:
   (1) the outstanding obligations of the county;
   (2) the cash on hand to the credit of each fund of the county government;
   (3) the funds received from all sources during the preceding fiscal year;
(4) the funds available from all sources during the ensuing fiscal year;
(5) the estimated revenues available to cover the proposed budget; and
(6) the estimated tax rate required to cover the proposed budget.

(c) In preparing the budget, the county judge shall estimate the revenue to be derived from
taxes to be levied and collected in the succeeding fiscal year and shall include that revenue
in the estimate of funds available to cover the proposed budget.

Acts 1987, 70th Leg., ch. 149, §1, eff. Sept. 1, 1987.

§111.005. Information Furnished by County Officers

(a) In preparing the budget, the county judge may require any county officer to furnish exist-
ing information necessary for the judge to properly prepare the budget.
(b) If a county officer fails to provide the information as required by the county judge, the
county judge may request the commissioners court to issue an order:
(1) Directing the county officer to produce the required information; and
(2) Prescribing the form in which the county officer must produce the information.


§111.006. Proposed Budget Filed With County Clerk; Public Inspection

(a) When the county judge has completed the preparation of the budget, the judge shall file a
copy of the proposed budget with the county clerk.
(b) The copy of the proposed budget shall be available for inspection by any person. If the
county maintains an Internet website, the county clerk shall take action to ensure that the
proposed budget is posted on the website.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987. Amended by: Acts 2007, 80th Leg., R.S., Ch. 924, Sec. 8, eff. September 1, 2007.

§111.007. Public Hearing on Proposed Budget

(a) The commissioners court shall hold a public hearing on the proposed budget. Any taxpayer
of the county may attend and may participate in the hearing.
(b) The commissioners court shall set the hearing for a date after the 15th day of the month
next following the month in which the budget was prepared in accordance with Section
111.003, Local Government Code, but before the date on which taxes are levied by the
court.
(c) The commissioners court shall give public notice that it will consider the proposed budget
on the date of the hearing. The notice must state the date, time, and location of the
hearing. The notice must include, in type of a size at least equal to the type used for other
items in the notice, any statement required to be included in the proposed budget under
Section 111.003(b).


§111.0075. Special Notice by Publication for Budget Hearing

(a) A commissioners court shall publish notice before a public hearing relating to a budget in
at least one newspaper of general circulation in the county.
Notice published under this section is in addition to notice required by other law. Notice under this section shall be published not earlier than the 30th or later than the 10th day before the date of the hearing.

This section does not apply to a commissioners court required by other law to give notice by publication of a hearing on a budget.

Notice under this section must include, in type of a size at least equal to the type used for other items in the notice, any statement required to be included in the proposed budget under Section 111.003(b).


§111.008. Adoption of Budget
(a) At the conclusion of the public hearing, the commissioners court shall take action on the proposed budget.

(b) The commissioners court may make any changes in the proposed budget that it considers warranted by the law and required by the interest of the taxpayers.

(c) Adoption of a budget that will require raising more revenue from property taxes than in the previous year requires a separate vote of the commissioners court to ratify the property tax increase reflected in the budget. A vote under this subsection is in addition to and separate from the vote to adopt the budget or a vote to set the tax rate required by Chapter 26, Tax Code, or other law.


§111.009. Approved Budget Filed With County Clerk: Posting On Internet
On final approval of the budget by the commissioners court, the court shall:

(1) file the budget with the county clerk; and

(2) if the county maintains an Internet website, take action to ensure that a copy of the budget is posted on the website.


§111.010. Levy of Taxes and Expenditure of Funds Under Budget; Emergency Expenditure; Budget Transfer
(a) The commissioners court may levy taxes only in accordance with the budget.

(b) After final approval of the budget, the commissioners court may spend county funds only in strict compliance with the budget, except in an emergency.

(c) The commissioners court may authorize an emergency expenditure as an amendment to the original budget only in a case of grave public necessity to meet an unusual and unforeseen condition that could not have been included in the original budget through the use of reasonably diligent thought and attention. If the court amends the original budget to meet an emergency, the court shall file a copy of its order amending the budget with the county clerk, and the clerk shall attach the copy to the original budget.

(d) The commissioners court by order may amend the budget to transfer an amount budgeted for one item to another budgeted item without authorizing an emergency expenditure.

§111.0105. Budget for Expenditures From Proceeds of Bonds or Other Obligations
If a county bond issue is submitted at an election or other authorized obligations are to be issued against future revenues and a tax is to be levied for those obligations, the commissioners court shall adopt a budget of proposed expenditures. On receipt of the proceeds of the sale of the bonds or other obligations, the county may make expenditures from the proceeds in the manner provided by this subchapter for expenditures for general purposes.

Added by Acts 1997, 75th Leg., ch. 1197, §2, eff. June 20, 1997.

§111.0106. Special Budget for Grant or Aid Money
The county auditor or the county judge in a county that does not have a county auditor shall certify to the commissioners court the receipt of all public or private grant or aid money that is available for disbursement in a fiscal year but not included in the budget for that fiscal year. On certification, the court shall adopt a special budget for the limited purpose of spending the grant or aid money for its intended purpose.

Added by Acts 1997, 75th Leg., ch. 1197, §2, eff. June 20, 1997.

§111.0107. Special Budget for Revenue From Intergovernmental Contracts
The county auditor or the county judge in a county that does not have a county auditor shall certify to the commissioners court the receipt of all revenue from intergovernmental contracts that is available for disbursement in a fiscal year but not included in the budget for that fiscal year. On certification, the court shall adopt a special budget for the limited purpose of spending the revenue from intergovernmental contracts for its intended purpose.

Added by Acts 1997, 75th Leg., ch. 1197, §2, eff. June 20, 1997.

§111.0108. Special Budget for Revenue Received After Start of Fiscal Year
The county auditor or the county judge in a county that does not have a county auditor shall certify to the commissioners court the receipt of revenue from a new source not anticipated before the adoption of the budget and not included in the budget for that fiscal year. On certification, the court may adopt a special budget for the limited purpose of spending the revenue for general purposes or for any of its intended purposes.


§111.011. Changes in Budget for County Purposes
This subchapter does not prevent the commissioners court from making changes in the budget for county purposes.

Acts 1987, 70th Leg., ch. 149, §1, eff. Sept. 1, 1987.

§111.012. Penalty
(a) An officer, employee, or official of a county government who refuses to comply with this subchapter commits an offense.

(b) An offense under this section is a misdemeanor punishable by a fine of not less than $100 or more than $1,000, confinement in the county jail for not less than one month or more than one year, or by both fine and confinement.

Acts 1987, 70th Leg., ch. 149, §1, eff. Sept. 1, 1987.
§111.013. Limitation on Budget of County Auditor
An increase from one fiscal year to the next in the amount budgeted for expenses of the county auditor's office or the salary of an assistant auditor shall not exceed five (5) percent without approval of the commissioners court.


§111.014. Reserve Item
Notwithstanding any other provision of this subchapter, a county may establish in the budget a reserve or contingency item. The item must be included in the itemized budget under Section 111.004 (a) in the same manner as a project for which an appropriation is established in the budget.

Added by Acts 2003, 78th Leg., ch. 301, §5, eff. September 1, 2003.

Subchapter B. Budget Preparation in Counties with Population of More Than 225,000

§111.031. Subchapter Applicable to Counties With Population of More Than 225,000; Exception
This subchapter applies only to a county that has a population of more than 225,000 and that does not operate under Subchapter C.

Acts 1987, 70th Leg., ch. 149, §1, eff. Sept. 1, 1987.

§111.032. County Auditor as Budget Officer
The county auditor serves as budget officer for the commissioners court of the county.

Acts 1987, 70th Leg., ch. 149, §1, eff. Sept. 1, 1987.

§111.033. Annual Budget Required
(a) Within 30 days before the first day of each fiscal year or on or immediately after that first day, the county auditor shall prepare a budget to cover the proposed expenditures of the county government for that fiscal year.

(b) A proposed budget that will require raising more revenue from property taxes than in the previous year must contain a cover page with the following statement in 18-point or larger type: “This budget will raise more total property taxes than last year’s budget by (insert total dollar amount of increase and percentage increase), and of that amount (insert amount computed by multiplying the proposed tax rate by the value of new property added to the roll) is tax revenue to be raised from new property added to the tax roll this year.”


§111.034. Itemized Budget; Contents
(a) The county auditor shall itemize the budget to allow as clear a comparison as practicable between expenditures included in the proposed budget and actual expenditures for the same or similar purposes that were made for the preceding fiscal year. The budget must show with reasonable accuracy each project for which an appropriation is established in the budget and the estimated amount of money carried in the budget for each project.
(b) The budget must contain a complete financial statement of the county that shows:

(1) the outstanding obligations of the county;
(2) the cash on hand to the credit of each fund of the county government;
(3) the funds received from all sources during the preceding fiscal year;
(4) the funds and revenue estimated by the auditor to be received from all sources during the preceding fiscal year;
(5) the funds and revenue estimated by the auditor to be received from all sources during the ensuing fiscal year; and
(6) a statement of all accounts and contracts on which sums are due to or owed by the county as of the last day of the preceding fiscal year, except for taxes and court costs.

Acts 1987, 70th Leg., ch. 149, §1, eff. Sept. 1, 1987.

§111.035. Limitation on Expenditures Before Adoption of Budget
Until a budget for a fiscal year is adopted by the commissioners court, the county may not make payments during that fiscal year except for emergencies and for obligations legally incurred before the first day of the fiscal year for salaries, utilities, materials, and supplies.

Acts 1987, 70th Leg., ch. 149, §1, eff. Sept. 1, 1987.

§111.036. Information Furnished by Officers
In preparing the budget, the county auditor may require any district, county, or precinct officer of the county to provide information necessary for the auditor to properly prepare the budget.

Acts 1987, 70th Leg., ch. 149, §1, eff. Sept. 1, 1987.

§111.037. Proposed Budget Filed With County Clerk; Public Inspection
(a) The county auditor shall file a copy of the proposed budget with the county clerk.
(b) The copy of the proposed budget shall be available for public inspection by any person. If the county maintains an Internet website, the county clerk shall take action to ensure that the proposed budget is posted on the website.


§111.038. Public Hearing on Proposed Budget
(a) The commissioners court shall hold a public hearing on the proposed budget. Any person may attend and may participate in the hearing.
(b) The commissioners court shall hold the hearing on a day within 10 calendar days after the date the proposed budget is filed but before the last day of the first month of the fiscal year.
(c) The commissioners court shall publish notice that it will consider the proposed budget on the date of the budget hearing. The notice must be published once in a newspaper of general circulation in the county and must state the date, time, and location of the hearing.
(d) Notice under this section must include, in type of a size at least equal to the type used for other items in the notice, any statement required to be included in the proposed budget under Section 111.033(b).

§111.0385. Special Notice by Publication for Budget Hearing
(a) A commissioners court shall publish notice before a public hearing relating to a budget in at least one newspaper of general circulation in the county.

(b) Notice published under this section is in addition to notice required by other law. Notice under this section shall be published not earlier than the 30th or later than the 10th day before the date of the hearing.

(c) This section does not apply to a commissioners court required by other law to give notice by publication of a hearing on a budget.

(d) Notice under this section must include, in type of a size at least equal to the type used for other items in the notice, any statement required to be included in the proposed budget under Section 111.033(b).


§111.039. Adoption of Budget
(a) At the conclusion of the public hearing, the commissioners court shall take action on the proposed budget.

(b) The commissioners court may make any changes in the proposed budget that it considers warranted by the facts and law and required by the interest of the taxpayers, but the amounts budgeted in a fiscal year for expenditures from the various funds of the county may not exceed the balances in those funds as of the first day of the fiscal year, plus the anticipated revenue for the fiscal year as estimated by the county auditor.

(c) Adoption of a budget that will require raising more revenue from property taxes than in the previous year requires a separate vote of the commissioners court to ratify the property tax increase reflected in the budget. A vote under this subsection is in addition to and separate from the vote to adopt the budget or a vote to set the tax rate required by Chapter 26, Tax Code, or other law.


§111.040. Approved Budget Filed With Officers; Posting On Internet
On final approval of the budget by the commissioners court, the court shall:

(1) file a copy of the budget with the county auditor and the county clerk; and

(2) if the county maintains an Internet website, take action to ensure that a copy of the budget is posted on the website.


§111.041. Expenditure of Funds Under Budget; Emergency Expenditure; Budget Transfer
(a) The commissioners court may spend county funds only in strict compliance with the budget, except as provided by this section.

(b) The commissioners court may authorize an emergency expenditure as an amendment to the original budget only in a case of grave public necessity to meet an unusual and unforeseen condition that could not have been included in the original budget through the use of reasonably diligent thought and attention. If the court amends the original budget to meet
an emergency, the court shall file a copy of its order amending the budget with the county clerk, and the clerk shall attach the copy to the original budget.

(c) The commissioners court by order may amend the budget to transfer an amount budgeted for one item to another budgeted item without authorizing an emergency expenditure.


§111.0415. Changes in Budget for County Purposes
This subchapter does not prevent the commissioners court from making changes in the budget for county purposes.


§111.042. Budget for Expenditures From Proceeds of Bonds or other Obligations
If a county bond issue is submitted at an election or other authorized obligations are to be issued against future revenues and a tax is to be levied for those obligations, the commissioners court shall adopt a budget of proposed expenditures. On receipt of the proceeds of the sale of the bonds or other obligations, the county may make expenditures from the proceeds in the manner provided by this subchapter for expenditures for general purposes.


§111.043. Special Budget for Grant or Aid Money
The county auditor shall certify to the commissioners court the receipt of all public or private grant or aid money that is available for disbursement in a fiscal year but not included in the budget for that fiscal year. On certification, the court shall adopt a special budget for the limited purpose of spending the grant or aid money for its intended purpose.

Acts 1987, 70th Leg., ch. 149, §1, eff. Sept. 1, 1987.

§111.0431. Special Budget for Revenue From Intergovernmental Contracts
The county auditor shall certify to the commissioners court the receipt of all revenue from intergovernmental contracts that is available for disbursement in a fiscal year but not included in the budget for that fiscal year. On certification, the court shall adopt a special budget for the limited purpose of spending the revenue from intergovernmental contracts for its intended purpose.

Added by Acts 1997, 75th Leg., ch. 1197, §6, eff. June 20, 1997.

§111.0432. Special Budget for Revenue Received After Start of Fiscal Year
The county auditor shall certify to the commissioners court the receipt of revenue from a new source not anticipated before the adoption of the budget and not included in the budget for that fiscal year. On certification, the court may adopt a special budget for the limited purpose of spending the revenue for general purposes or for any of its intended purposes.


§111.044. Limitation on Budget of County Auditor
An increase from one fiscal year to the next in the amount budgeted for expenses of the county auditor’s office or the salary of an assistant auditor shall not exceed five (5) percent without approval of the commissioners court.
$111.045. Reserve Item
Notwithstanding any other provision of this subchapter, a county may establish in the budget a reserve or contingency item. The item must be included in the itemized budget under Section 111.034(a) in the same manner as a project for which an appropriation is established in the budget.

Added by Acts 2003, 78th Leg., ch. 301, §6, eff. September 1, 2003.

Subchapter C. Alternate Method of Budget Preparation in Counties with Population of More Than 125,000

$111.061. Subchapter Applicable to Counties With Population of More Than 125,000
This subchapter applies only to a county that has a population of more than 125,000 and that chooses to operate under this subchapter instead of under Subchapter A or B.


$111.062. Appointment of Budget Officer; Abolition of Office
(a) The commissioners court of the county may appoint a county budget officer to prepare a county budget for the fiscal year.

(b) A county that establishes the office of county budget officer may abolish that office only by a formal action of the commissioners court. The court must take the action after the first day of the second month of the fiscal year and before the first day of the sixth month of the fiscal year. If the office is abolished, the duties of budget officer shall be performed by:

(1) the county judge, if the county has a population of 225,000 or less; or
(2) the county auditor, if the county has a population of more than 225,000.


$111.063. Itemized Budget; Contents
(a) The budget officer shall itemize the budget to allow as clear a comparison as practicable between expenditures included in the proposed budget and actual or estimated expenditures for the same or similar purposes that were made for the preceding fiscal year. The budget must show with reasonable accuracy each of the projects for which an appropriation is established in the budget and the estimated amount of money carried in the budget for each project.

(b) The budget officer shall obtain from the county auditor any information necessary to prepare a complete financial statement for inclusion in the budget. The financial statement must show:

(1) the outstanding obligations of the county;
(2) the cash on hand to the credit of each fund of the county government;
(3) funds received from all sources during the preceding fiscal year;
(4) the funds and revenue estimated by the auditor to be received from all sources during the preceding fiscal year;
(5) the funds and revenue estimated by the auditor to be received during the ensuing year; and
(6) a statement of all accounts and contracts on which sums are due to or owed by the
county as of the last day of the preceding fiscal year, except for taxes and court costs.

(c) If actual amounts for the information described by Subsection (b)(1), (b)(2), (b)(3), or (b)
(6) are not available at the time the budget officer prepares the financial statement, the
budget officer may use in the preparation of the statement estimates of that information
made by the county auditor.

(d) Subsection (c) does not prevent the commissioners court from adopting a budget before
the beginning of the fiscal year for which the budget is prepared.

Acts 1987, 70th Leg., ch. 149, §1, eff. Sept. 1, 1987. Amended by Acts 1989, 71st Leg., ch. 1044,
§1, eff. Sept. 1, 1989.

§111.064. Limitation on Expenditures Before Adoption of Budget
Until a budget for a fiscal year is adopted by the commissioners court, the county may not make
payments during that fiscal year except for emergencies and for obligations legally incurred before
the first day of the fiscal year for salaries, utilities, materials, and supplies.

Acts 1987, 70th Leg., ch. 149, §1, eff. Sept. 1, 1987.

§111.065. Information Furnished by Officers
In preparing or monitoring the budget, the budget officer may require the county auditor or any
other district, county, or precinct officer of the county to provide any information necessary for
the budget officer to properly prepare or monitor the budget.

Acts 1987, 70th Leg., ch. 149, §1, eff. Sept. 1, 1987.

§111.066. Proposed BudgetFiled With County Clerk and County Auditor; Public
Inspection
(a) The budget officer shall file a copy of the proposed budget with the county clerk and the
county auditor.

(b) The copy of the proposed budget shall be available for public inspection.

Acts 1987, 70th Leg., ch. 149, §1, eff. Sept. 1, 1987.

§111.067. Public Hearing on Proposed Budget
(a) The commissioners court shall hold a public hearing on the proposed budget. Any taxpayer
of the county may attend and may participate in the hearing.

(b) The commissioners court shall hold the hearing on a day within 10 calendar days after the
date the proposed budget is filed but before the last day of the first month of the fiscal year.

(c) The commissioners court shall publish notice that it will consider the proposed budget
on the date of the budget hearing. The notice must be published once in a newspaper of
general circulation in the county and must state the date, time, and location of the hearing.

(d) Notice under this section must include, in type of a size at least equal to the type used for
other items in the notice, any statement required to be included in the proposed budget
under Section 111.033(b).

Acts 1987, 70th Leg., ch. 149, §1, eff. Sept. 1, 1987. Amended by Acts 1999, 76th Leg., ch. 552, §2,
§111.0675. Commissioners Court: Special Notice by Publication for Budget Hearing

(a) A commissioners court shall publish notice before a public hearing relating to a budget in at least one newspaper of general circulation in the county.

(b) Notice published under this section is in addition to notice required by other law. Notice under this section shall be published not earlier than the 30th or later than the 10th day before the date of the hearing.

(c) This section does not apply to a commissioners court required by other law to give notice by publication of a hearing on a budget.


§111.068. Adoption of Budget

(a) At the conclusion of the public hearing, the commissioners court shall take action on the proposed budget.

(b) The commissioners court may make any changes in the proposed budget that it considers warranted by the facts and law and required by the interest of the taxpayers, but the amounts budgeted in a fiscal year for expenditures from the various funds of the county may not exceed the balances in those funds as of the first day of the fiscal year, plus the anticipated revenue for the fiscal year as estimated by the county auditor.

Acts 1987, 70th Leg., ch. 149, §1, eff. Sept. 1, 1987.

§111.069. Approved Budget Filed With Officers; Posting On Internet

On final approval of the budget by the commissioners court, the court shall:

(1) file a copy of the budget with the county auditor and the county clerk; and

(2) if the county maintains an Internet website, take action to ensure that a copy of the budget is posted on the website.”


Amended by Acts 2011, 82nd Leg., R.S., Ch. 457, eff. September 1, 2011.

§111.070. Expenditure of Funds Under Budget; Emergency Expenditure; Budget Transfer

(a) The commissioners court may spend county funds only in strict compliance with the budget, except as provided by this section.

(b) The commissioners court may authorize an emergency expenditure as an amendment to the original budget only in a case of grave public necessity to meet an unusual and unforeseen condition that could not have been included in the original budget through the use of reasonably diligent thought and attention. If the court amends the original budget to meet an emergency, the court shall file a copy of its order amending the budget with the county clerk and the clerk shall attach the copy to the original budget.

(c) The commissioners court by order may:

(1) amend the budget to transfer an amount budgeted for one item to another budgeted item without authorizing an emergency expenditure; or

(2) designate the county budget officer or another officer or employee of the county who may, as appropriate and subject to conditions and directions provided by the court, amend the budget by transferring amounts budgeted for certain items to other budgeted items.

§111.0705. Budget for Expenditures From Proceeds of Bonds or Other Obligations
If a county bond issue is submitted at an election or other authorized obligations are to be issued against future revenues and a tax is to be levied for those obligations, the commissioners court shall adopt a budget of proposed expenditures. On receipt of the proceeds of the sale of the bonds or other obligations, the county may make expenditures from the proceeds in the manner provided by this subchapter for expenditures for general purposes.

Added by Acts 1997, 75th Leg., ch. 1197, §8, eff. June 20, 1997.

§111.0706. Special Budget for Grant or Aid Money
The county auditor shall certify to the commissioners court the receipt of all public or private grant or aid money that is available for disbursement in a fiscal year but not included in the budget for that fiscal year. On certification, the court shall adopt a special budget for the limited purpose of spending the grant or aid money for its intended purpose.

Added by Acts 1997, 75th Leg., ch. 1197, §8, eff. June 20, 1997.

§111.0707. Special Budget for Revenue From Intergovernmental Contracts
(a) The county auditor shall certify to the commissioners court the receipt of all revenue from intergovernmental contracts that is available for disbursement in a fiscal year but not included in the budget for that fiscal year. On certification, the court shall adopt a special budget for the limited purpose of spending the revenue from intergovernmental contracts for its intended purpose.

(b) The county treasurer shall notify the county auditor of the receipt of all revenue from intergovernmental contracts not previously included in a special budget or the annual budget for that fiscal year.

Added by Acts 1997, 75th Leg., ch. 1197, §8, eff. June 20, 1997.

Amended by Acts 2011, 82nd Leg., R.S., Ch. 606, eff. September 1, 2011.

§111.07075. Special Budget for Revenue Received After Start of Fiscal Year
(a) The county auditor shall certify to the commissioners court the receipt of revenue from a new source not anticipated before the adoption of the budget and not included in the budget for that fiscal year. On certification, the court may adopt a special budget for the limited purpose of spending the revenue for general purposes or for any of its intended purposes.

(b) The county treasurer shall notify the county auditor of the receipt of all revenue from a new source not anticipated before the adoption of budget and not previously included in a special budget or the annual budget for that fiscal year.


Amended by Acts 2011, 82nd Leg., R.S., Ch. 606, eff. September 1, 2011.

§111.0708. Pledging Revenue as Security for Bonds and Other Obligations
In preparing a county budget, a county may secure county bonds or other obligations by pledging for the term of the bonds or other obligations:

(1) any security authorized by law; or

(2) any revenue or receipts obtained by the county from the levy of a state tax if the state is required to pay the county the proceeds or receipts from the tax.

Added by Acts 1997, 75th Leg., ch. 1197, §8, eff. June 20, 19
§111.0709. Changes in Budget for County Purposes
This subchapter does not prevent the commissioners court from making changes in the budget for county purposes.

Added by Acts 1997, 75th Leg., ch. 1197, §8, eff. June 20, 1997.

§111.071. Budget Officer’s Assistance to Commissioners Court
The budget officer may assist the commissioners court in the performance of the court’s duties relating to the efficiency and effectiveness of county operations.

Acts 1987, 70th Leg., ch. 149, §1, eff. Sept. 1, 1987.

§111.072. Duties Retained by County Auditor
The duties given under Subchapter B to the county auditor that are not expressly conferred by this subchapter on the budget officer remain duties of the county auditor.

Acts 1987, 70th Leg., ch. 149, §1, eff. Sept. 1, 1987.

§111.073. Employment of Personnel
The commissioners court may employ personnel necessary to assist the budget officer in the performance of the duties of that office.

Acts 1987, 70th Leg., ch. 149, §1, eff. Sept. 1, 1987.

§111.074. Limitation on Budget of County Auditor
An increase from one fiscal year to the next in the amount budgeted for expenses of the county auditor’s office or the salary of an assistant auditor shall not exceed five (5) percent without approval of the commissioners court.


§111.075. Reserve Item
Notwithstanding any other provision of this subchapter, a county may establish in the budget a reserve or contingency item. The item must be included in the itemized budget under Section 111.063(a) in the same manner as a project for which an appropriation is established in the budget.

Added by Acts 2003, 78th Leg., ch. 301, §7, eff. September 1, 2003.

Subchapter D. Budget Appropriations

§111.091. Appropriation Accounts
(a) On the adoption and certification of a general or special county budget, the county auditor shall open an appropriation account for each main budgeted or special item in the budget.

(b) The county auditor shall enter to an appropriation account each warrant drawn against that appropriation.

(c) The county auditor periodically shall inform the commissioners court of the condition of the appropriation accounts.

Acts 1987, 70th Leg., ch. 149, §1, eff. Sept. 1, 1987.
§111.092. Departmental Expenses Not to Exceed Appropriations
The county auditor shall oversee the warrant process to ensure that the expenses of any department do not exceed the budget appropriations for that department.

Acts 1987, 70th Leg., ch. 149, §1, eff. Sept. 1, 1987.

§111.093. Appropriations For Purchases, Contracts, Salaries, or Labor Expenses in County With Population of More Than 225,000
(a) This section applies only to a county with a population of more than 225,000.
(b) The county auditor shall charge all purchase orders, requisitions, contracts, and salary and labor allowances to the appropriation accounts.
(c) A requisition issued or a contract for work, labor, services, or materials and supplies that is entered into in the manner provided by law by a proper authority is not binding until the county auditor certifies that the budget contains an ample provision for the obligation and that funds are or will be available to pay the obligation when due.
(d) The amount allocated in the budget for a purchase order, requisition, contract, special purpose, or salary or labor account may not be allocated for any other purpose unless an unexpended balance remains in the account after full discharge of the obligation or unless the requisition, contract, or allocation is canceled in writing by the commissioners court or a county officer for a valid reason.

Acts 1987, 70th Leg., ch. 149, §1, eff. Sept. 1, 1987.

§111.094. Itemized Budget
The commissioners court in preparing the county budget shall determine the amount of county funds to be spent for the juvenile probation department in the county budget.

Added by Acts 1997, 75th Leg., ch. 1197, §9, eff. June 20, 1997.

§111.095. Special Funds
(a) This section shall apply to all funds maintained and controlled by a county tax assessor-collector that are not included in the county budget.
(b) At least 60 days before the first day of the county's fiscal year, the county tax assessor-collector shall prepare a budget for the expenditure of the funds during that fiscal year and file a copy of that budget with the county budget officer. The county budget officer shall make a copy of the budget filed with the budget officer available to the public at all reasonable times. The budget filed with the county budget officer is not subject to approval by the commissioners court of the county, but any member of the public is entitled to speak for or against the budget during the county's budget process. Funds in the accounts under this section may be spent only in compliance with the budget filed with the county budget officer under this subsection.
(c) Funds in the accounts under this section may not be used to supplement the salary or cover the personal expenses of the county tax assessor-collector.
(d) The provisions of this section are cumulative with the provisions of other statutes pertaining to county funds.

§26.05. Tax Rate
(a) The governing body of each taxing unit, before the later of September 30 or the 60th day after the date the certified appraisal roll is received by the taxing unit, shall adopt a tax rate for the current tax year and shall notify the assessor for the unit of the rate adopted. The tax rate consists of two components, each of which must be approved separately. The components are:

(1) for a taxing unit other than a school district, the rate that, if applied to the total taxable value, will impose the total amount calculated under Section 26.04(e)(3)(C), less any amount of additional sales and use tax revenue that will be used to pay debt service, or, for a school district, the rate published under Section 44.004(c)(5)(A)(ii) (b), Education Code; and

(2) the rate that, if applied to the total taxable value, will impose the amount of taxes needed to fund maintenance and operation expenditures of the unit for the next year.

(b) A taxing unit may not impose property taxes in any year until the governing body has adopted a tax rate for that year, and the annual tax rate must be set by ordinance, resolution, or order, depending on the method prescribed by law for adoption of a law by the governing body. The vote on the ordinance, resolution, or order setting the tax rate must be separate from the vote adopting the budget. The vote on the ordinance, resolution, or order setting a tax rate that exceeds the effective tax rate must be a record vote. A motion to adopt an ordinance, resolution, or order setting a tax rate that exceeds the effective tax rate must be made in the following form: “I move that the property tax rate be increased by the adoption of a tax rate of (specify tax rate), which is effectively a (insert percentage by which the proposed tax rate exceeds the effective tax rate) percent increase in the tax rate.” If the ordinance, resolution, or order sets a tax rate that, if applied to the total taxable value, will impose an amount of taxes to fund maintenance and operation expenditures of the taxing unit that exceeds the amount of taxes imposed for that purpose in the preceding year, the taxing unit must:

(1) include in the ordinance, resolution, or order in type larger than the type used in any other portion of the document:

(A) the following statement: “THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR’S TAX RATE.”; and

(B) if the tax rate exceeds the effective maintenance and operations rate, the following statement: “THE TAX RATE WILL EFFECTIVELY BE RAISED BY (INSERT PERCENTAGE BY WHICH THE TAX RATE EXCEEDS THE EFFECTIVE MAINTENANCE AND OPERATIONS RATE) PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A $100,000 HOME BY APPROXIMATELY $ (Insert amount).”; and

(2) include on the home page of any Internet website operated by the unit:

(A) the following statement: “(Insert name of unit) ADOPTED A TAX RATE THAT WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR’S TAX RATE”; and
(B) if the tax rate exceeds the effective maintenance and operations rate, the following statement: “THE TAX RATE WILL EFFECTIVELY BE RAISED BY (INSERT PERCENTAGE BY WHICH THE TAX RATE EXCEEDS THE EFFECTIVE MAINTENANCE AND OPERATIONS RATE) AND PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A $100,000 HOME BY APPROXIMATELY $(Insert amount).”

(c) If the governing body of a taxing unit does not adopt a tax rate before the date required by Subsection (a), the tax rate for the taxing unit for that tax year is the lower of the effective tax rate calculated for that tax year or the tax rate adopted by the taxing unit for the preceding tax year. A tax rate established by this subsection is treated as an adopted tax rate. Before the fifth day after the establishment of a tax rate by this subsection, the governing body of the taxing unit must ratify the applicable tax rate in the manner required by Subsection (b).

(d) The governing body of a taxing unit other than a school district may not adopt a tax rate that exceeds the lower of the rollback tax rate or the effective tax rate calculated as provided by this chapter until the governing body has held two public hearings on the proposed tax rate and has otherwise complied with Section 26.06 and Section 26.065. The governing body of a taxing unit shall reduce a tax rate set by law or by vote of the electorate to the lower of the rollback tax rate or the effective tax rate and may not adopt a higher rate unless it first complies with Section 26.06.

(e) A person who owns taxable property is entitled to an injunction restraining the collection of taxes by a taxing unit in which the property is taxable if the taxing unit has not complied with the requirements of this section and the failure to comply was not in good faith. An action to enjoin the collection of taxes must be filed prior to the date a taxing unit delivers substantially all of its tax bills.

(f) Except as required by the law under which an obligation was created, the governing body may not apply any tax revenues generated by the rate described in Subsection (a)(1) of this section for any purpose other than the retirement of debt.

(g) Notwithstanding Subsection (a), the governing body of a school district that elects to adopt a tax rate before the adoption of a budget for the fiscal year that begins in the current tax year may adopt a tax rate for the current tax year before receipt of the certified appraisal roll for the school district if the chief appraiser of the appraisal district in which the school district participates has certified to the assessor for the school district an estimate of the taxable value of property in the school district as provided by Section 26.01(e). If a school district adopts a tax rate under this subsection, the effective tax rate and the rollback tax rate of the district shall be calculated based on the certified estimate of taxable value.


Amended by Acts 2011, 82nd Leg., 1st C.S. 4 eff. September 1, 2011.
Appendix C

§ 26.051. Evidence of Unrecorded Tax Rate Adoption

(a) If a taxing unit does not make a proper record of the adoption of a tax rate for a year but the tax rate can be determined by examining the tax rolls for that year, the governing body of the taxing unit may take testimony or make other inquiry to determine whether a tax rate was properly adopted for that year. If the governing body determines that a tax rate was properly adopted, it may order that its official records for that year be amended nunc pro tunc to reflect the adoption of the rate.

(b) An amendment of the official records made under Subsection (a) of this section is prima facie evidence that the tax rate entered into the records was properly and regularly adopted for that year.


§ 26.052. Simplified Tax Rate Notice for Taxing Units With Low Tax Levies

(a) This section applies only to a taxing unit for which the total tax rate proposed for the current tax year:

1. is 50 cents or less per $100 of taxable value; and

2. would impose taxes of $500,000 or less when applied to the current total value for the taxing unit.

(b) A taxing unit to which this section applies is exempt from the notice and publication requirements of Section 26.04(e) and is not subject to an injunction under Section 26.04(g) for failure to comply with those requirements.

(c) A taxing unit to which this section applies may provide public notice of its proposed tax rate in either of the following methods not later than the seventh day before the date on which the tax rate is adopted:

1. mailing a notice of the proposed tax rate to each owner of taxable property in the taxing unit; or

2. publishing notice of the proposed tax rate in the legal notices section of a newspaper having general circulation in the taxing unit.

(d) A taxing unit that provides public notice of a proposed tax rate under Subsection (c) is exempt from Sections 26.05(d) and 26.06 and is not subject to an injunction under Section 26.05(e) for failure to comply with Section 26.05(d). A taxing unit that provides public notice of a proposed tax rate under Subsection (c) may not adopt a tax rate that exceeds the rate set out in the notice unless the taxing unit provides additional public notice under Subsection (c) of the higher rate or complies with Sections 26.05(d) and 26.06, as applicable, in adopting the higher rate.

(c) Public notice provided under Subsection (c) must specify:

1. the tax rate that the governing body proposes to adopt;

2. the date, time, and location of the meeting of the governing body of the taxing unit at which the governing body will consider adopting the proposed tax rate; and

3. if the proposed tax rate for the taxing unit exceeds the unit’s effective tax rate calculated as provided by Section 26.04, a statement substantially identical to the following: “The proposed tax rate would increase total taxes in (name of taxing unit) by (percentage by which the proposed tax rate exceeds the effective tax rate).”

Added by Acts 1999, 76th Leg., ch. 255, Sec. 1, eff. May 28, 1999.

§ 26.06. Notice, Hearing, and Vote on Tax Increase

(a) A public hearing required by Section 26.05 may not be held before the seventh day after the date the notice of the public hearing is given. The second hearing may not be held
earlier than the third day after the date of the first hearing. Each hearing must be on a
weekday that is not a public holiday. Each hearing must be held inside the boundaries of
the unit in a publicly owned building or, if a suitable publicly owned building is not avail-
able, in a suitable building to which the public normally has access. At the hearings, the
governing body must afford adequate opportunity for proponents and opponents of the
tax increase to present their views.

(b) The notice of a public hearing may not be smaller than one-quarter page of a standard-size
or a tabloid-size newspaper, and the headline on the notice must be in 24-point or larger
type. The notice must contain a statement in the following form:

“NOTICE OF PUBLIC HEARING ON TAX INCREASE

“The (name of the taxing unit) will hold two public hearings on a proposal to increase to-
tal tax revenues from properties on the tax roll in the preceding tax year by (percentage by which
proposed tax rate exceeds lower of rollback tax rate or effective tax rate calculated under this
chapter) percent. Your individual taxes may increase at a greater or lesser rate, or even decrease,
depending on the change in the taxable value of your property in relation to the change in taxable
value of all other property and the tax rate that is adopted.

“The first public hearing will be held on (date and time) at (meeting place).
“The second public hearing will be held on (date and time) at (meeting place).
“(Names of all members of the governing body, showing how each voted on the proposal
to consider the tax increase or, if one or more were absent, indicating the absences.)

“The average taxable value of a residence homestead in (name of taxing unit) last year was
$ (average taxable value of a residence homestead in the taxing unit for the preceding tax year, dis-
regarding residence homestead exemptions available only to disabled persons or persons 65 years of
age or older). Based on last year’s tax rate of $ (preceding year’s adopted tax rate) per $100 of taxable
value, the amount of taxes imposed last year on the average home was $ (tax on average taxable
value of a residence homestead in the taxing unit for the preceding tax year, disregarding residence
homestead exemptions available only to disabled persons or persons 65 years of age or older).

“The average taxable value of a residence homestead in (name of taxing unit) this year is $ (average taxable value of a residence homestead in the taxing unit for the current tax year, dis-
regarding residence homestead exemptions available only to disabled persons or persons 65 years of age or older). If the governing body adopts the effective tax rate for this year of $ (effective tax rate) per $100 of
taxable value, the amount of taxes imposed this year on the average home would be $ (tax on average taxable value of a residence homestead in the taxing unit for the current tax year, disregarding residence
homestead exemptions available only to disabled persons or persons 65 years of age or older).

“If the governing body adopts the proposed tax rate of $ (proposed tax rate) per $100 of
taxable value, the amount of taxes imposed this year on the average home would be $ (tax on the
average taxable value of a residence in the taxing unit for the current year disregarding residence
homestead exemptions available only to disabled persons or persons 65 years of age or older).

“Members of the public are encouraged to attend the hearings and express their views.”

(c) The notice of a public hearing under this section may be delivered by mail to each prop-
erty owner in the unit, or may be published in a newspaper. If the notice is published in
a newspaper, it may not be in the part of the paper in which legal notices and classified
advertisements appear. If the taxing unit operates an Internet website, the notice must be
posted on the website from the date the notice is first published until the second public
hearing is concluded.

(d) At the public hearings the governing body shall announce the date, time, and place of the
meeting at which it will vote on the proposed tax rate. After each hearing the governing
body shall give notice of the meeting at which it will vote on the proposed tax rate and
the notice shall be in the same form as prescribed by Subsections (b) and (c), except that it
must state the following:
“NOTICE OF TAX REVENUE INCREASE

“The (name of the taxing unit) conducted public hearings on (date of first hearing) and (date of second hearing) on a proposal to increase the total tax revenues of the (name of the taxing unit) from properties on the tax roll in the preceding year by (percentage by which proposed tax rate exceeds lower of rollback tax rate or effective tax rate calculated under this chapter) percent.

“The total tax revenue raised last year at last year’s tax rate of (insert tax rate for the preceding year) for each $100 of taxable value was (insert total amount of taxes imposed in the preceding year).

“The total tax revenue proposed to be raised this year at the proposed tax rate of (insert proposed tax rate) for each $100 of taxable value, excluding tax revenue to be raised from new property added to the tax roll this year, is (insert amount computed by multiplying proposed tax rate by the difference between current total value and new property value).

“The total tax revenue proposed to be raised this year at the proposed tax rate of (insert proposed tax rate) for each $100 of taxable value, including tax revenue to be raised from new property added to the tax roll this year, is (insert amount computed by multiplying proposed tax rate by current total value).

“The (governing body of the taxing unit) is scheduled to vote on the tax rate that will result in that tax increase at a public meeting to be held on (date of meeting) at (location of meeting, including mailing address) at (time of meeting).”

(c) The meeting to vote on the tax increase may not be earlier than the third day or later than the 14th day after the date of the second public hearing. The meeting must be held inside the boundaries of the taxing unit in a publicly owned building or, if a suitable publicly owned building is not available, in a suitable building to which the public normally has access. If the governing body does not adopt a tax rate that exceeds the lower of the rollback tax rate or the effective tax rate by the 14th day, it must give a new notice under Subsection (d) before it may adopt a rate that exceeds the lower of the rollback tax rate or the effective tax rate.

(f) Repealed by Acts 2005, 79th Leg., Ch. 1368, Sec. 6, eff. June 18, 2005.

(g) This section does not apply to a school district. A school district shall provide notice of a public hearing on a tax increase as required by Section 44.004, Education Code.

§ 26.065. Supplemental Notice of Hearing on Tax Rate Increase

(a) In addition to the notice required under Section 26.06, the governing body of a taxing unit required to hold a public hearing by Section 26.05(d) shall give notice of the hearing in the manner provided by this section.
(b) If the taxing unit owns, operates, or controls an Internet Web site, the unit shall post notice of the public hearing on the Web site continuously for at least seven days immediately before the public hearing on the proposed tax rate increase and at least seven days immediately before the date of the vote proposing the increase in the tax rate.

(c) If the taxing unit has free access to a television channel, the taxing unit shall request that the station carry a 60-second notice of the public hearing at least five times a day between the hours of 7 a.m. and 9 p.m. for at least seven days immediately before the public hearing on the proposed tax rate increase and at least seven days immediately before the date of the vote proposing the increase in the tax rate.

(d) The notice of the public hearing required by Subsection (b) must contain a statement that is substantially the same as the statement required by Section 26.06(b).

(e) This section does not apply to a taxing unit if the taxing unit:

1. is unable to comply with the requirements of this section because of the failure of an electronic or mechanical device, including a computer or server; or

2. is unable to comply with the requirements of this section due to other circumstances beyond its control.

(f) A person who owns taxable property is not entitled to an injunction restraining the collection of taxes by a taxing unit in which the property is taxable if the taxing unit has, in good faith, attempted to comply with the requirements of this section.
