

actual revenues are the product of a complex system of taxes, fees, licenses and other sources of income. This system presents a train of problems which are more or less interrelated. Some of the principal ones include:

1. Sources of revenue (tax, fee and license systems).
2. Dependence upon real property levies (including apportionment difficulties).
3. Tax exemptions.
4. Multiple and overlapping jurisdictions.
5. Administrative inefficiency.

Likewise, the actual expenditures embrace complexities in methods of appropriating, spending and accounting for money. Some of the recognized difficulties in the expenditures field include:

1. Purposes of expenditures (functions of spending agencies).
2. Planning of expenditures (budgets and budgetary procedure).
3. Methods of spending (including unit costs of operation).
4. Control of funds (accounting and auditing).
5. Scrutiny of spending plans and methods (official and unofficial).

Concerned with both revenues and expenditures, the general topic of capital expenditures presents its own set of problems, some of which include:

1. Necessity for capital expenditures (long time program).
2. Methods of financing (pay-as-you-go and deferred payments).
3. Supervision of capital expenditures.
4. Debt control.

II. PROBLEMS OF REVENUES

Assessment Difficulties

Assessment of various kinds of property for taxation presents difficulties which, in some form or another, are as old as taxes themselves. It is always a troublesome question, since it is by means of assessments that the main burden of taxation is distributed among the various classes of taxpayers. In rural districts it caught public attention particularly when growing expenditures compelled increased assessments as an alternative of increased rates and when the capacity of the farmers to pay taxes was reduced substantially.

Urban Assessment Problems

In urban assessments, too, many complex factors are involved, such as the growth of industrial property, the transition of areas from residence to business or industrial purposes, intangible personal prop-