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*Comptroller*

## **ANNUAL BUDGET MEMO**

To: Budget Contact  
From: Sheila Reed, Director *SAR*  
Division of Local Government Finance  
Date: January 25, 2024  
Subject: Fiscal Year 2025 Annual Budget Memo for Tennessee Counties  
and Metropolitan Governments

Thank you for partnering with us as we work together to promote fiscal responsibility in Tennessee's local governments. Timely budget adoption is foundational to the budget process and ensures your local government begins the fiscal year with a sound financial spending plan.

### **BUDGET CERTIFICATE AWARD PROGRAM**

Last year our office recognized 35 of Tennessee's 95 counties and metropolitan governments for, among other criteria, adopting a balanced budget **on or before June 30** and submitting the budget to our office **within 15 days** of adoption. We look forward to even more joining that number this budget year and being recognized at TGFOA's annual fall conference. Be sure to visit our website for a list of recipients and the requirements to qualify for a certificate: [tncot.cc/budgetcertificates](https://tncot.cc/budgetcertificates).

### **BUDGET SUBMISSION**

Prior to the beginning of each fiscal year, all counties and metropolitan governments in Tennessee must adopt a budget resolution and email it, with other required documents, to our office within 15 days following adoption. We have enclosed a budget submission checklist with this memo.

**The complete package should be sent to:** [LGF@cot.tn.gov](mailto:LGF@cot.tn.gov).

Additional information concerning budgeting requirements, including a budget manual, instructional videos, and excel schedules may be found on our website at: [tncot.cc/budget](https://tncot.cc/budget).

### **WHAT'S NEW FOR 2025**

#### *FAQs to Steps to a Well-Balanced Budget*

In response to questions and feedback to our publication entitled "Steps to a Well-Managed Budget" we now have a companion publication that answers frequently asked questions. The FAQs build upon our initial publication and may be accessed at: [tncot.cc/budget](https://tncot.cc/budget). We hope you will take advantage of this resource.

### *Better Utility Budgeting and Financial Planning*

To support local officials, we have released a new publication “Better Utility Budgeting and Financial Planning” that that may be accessed at: [tncot.cc/budget](https://tncot.cc/budget). This will be a valuable resource during budget adoption and throughout the budget year for those counties and metropolitan governments with utility systems.

### *Tennessee Investment in Student Achievement Act (TISA)*

Legislation was passed during 2023 that impacts budget approval for local education agencies. If the budget for the board of education does not include the local contribution that is required under the TISA Act, the budget will not be approved (Tenn. Code Ann. § 49-3-108).

## **IMPORTANT REQUIREMENTS TO REMEMBER**

### *Statutory Filing Date*

A **complete** budget submission must be filed with our office no later than August 31st to receive approval. Outside of an emergency, local governments may not issue debt without an approved budget from our office. (Tenn. Code Ann. § 9-21-404).

### *Conditional Approvals*

If you receive a budget approval that is conditioned upon some action by your local government prior to our approval, you will have a reasonable time after our letter is issued to meet the condition. If the condition is not met, the budget will not be approved. Pursuant to state law, outside of an emergency, local governments may not issue debt or financing obligations without an approved budget from our office (Tenn. Code Ann. § 9-21-404).

### *Water, Sewer, and Gas Utility Systems*

Pursuant to Tenn. Code Ann. § 7-82-707, counties and metropolitan governments with water, sewer, or gas utility systems are required to fill out an annual information statement before the beginning of your fiscal year. Please visit [tncot.cc/utilityinfo](https://tncot.cc/utilityinfo) to fulfill this requirement.

If you need any assistance with your submission, you may contact your analyst. For hands-on assistance in preparing and adopting your budget, please contact the County Technical Assistance Service (CTAS) or the State Department of Education – Section of Local Finance.

Enclosures: Budget Submission Checklist  
Contact Information

## Budget Submission Checklist – Counties & Metro Governments

### Before You Submit Your Budget – Remember:

1. Review last year's budget letter for items relevant to this year's budget: [tncot.cc/lgf-letters](https://tncot.cc/lgf-letters).
2. Send your budget submission directly to: [LGF@cot.tn.gov](mailto:LGF@cot.tn.gov). – Do **not** send a separate **paper** copy to our office.
3. Wait to submit your budget until **all** needed documentation is compiled. See our example budget submission at: [tncot.cc/budget](https://tncot.cc/budget).
4. Send budget amendments to [LGF@cot.tn.gov](mailto:LGF@cot.tn.gov) in a **separate email**.
5. Do **not** send **debt approval requests** in the same email as your budget submission.

### Be Sure to Include:

1. **Separate cover letter** on the local government's letterhead (**not** in the body of the email)
  - a. Complete contact information should be included and at a minimum, email addresses for the:
    - County Mayor/County Executive; and
    - Director of Budgets and Accounts/Finance Director, or equivalent position.
2. **Signed/certified** and **dated** copy of the appropriation act resolution (and tax levy act resolution, if adopted separately)
3. Detailed budgets for **all funds** including enterprise funds and school funds, as applicable
  - a. Include estimated beginning fund balances for each fund at July 1, 2024, and ending balances at June 30, 2025.
4. For local governments with a school system, include documentation regarding TISA Act local contribution (see separate requirements).
5. Copy of the annual adopted budget for any entity that results in a financial benefit or financial burden to your local government (For help in applying this requirement, refer to Section 6, page 19, of the budget manual available at: [tncot.cc/budget](https://tncot.cc/budget).)
6. Budget Summary Schedule
7. Cash Flow Forecast Schedules for:
  - a. Operating funds with a budgeted ending cash balance less than 15% of annual expenditures;
  - b. Operating funds with an ending cash balance in the prior year audit less than 15% of annual expenditures;
  - c. Any fund that received proceeds from TRANs for the past two consecutive years; and
8. Schedule of Outstanding Debt and Budgeted Debt Service, as applicable
9. Revenue forecasts (property tax, sales tax, etc.), as applicable

## Tennessee Investment in Student Achievement (TISA) Act Requirements

### *2025 Budget Submission Requirements for TISA Act*

The Tennessee Investment in Student Achievement Act (the Act) became effective for the 2023-2024 budget year and contains a provision that prohibits our office from approving the local government's budget unless the **local contribution** required by the Act is included in the budget (T.C.A. § 49-3-108(h)).

To ensure compliance with the Act, we have partnered with the Department of Education and need you to enter **budgeted revenues** for your school system into **ePlan prior to submission** of your budget packet to the Division of Local Government Finance.

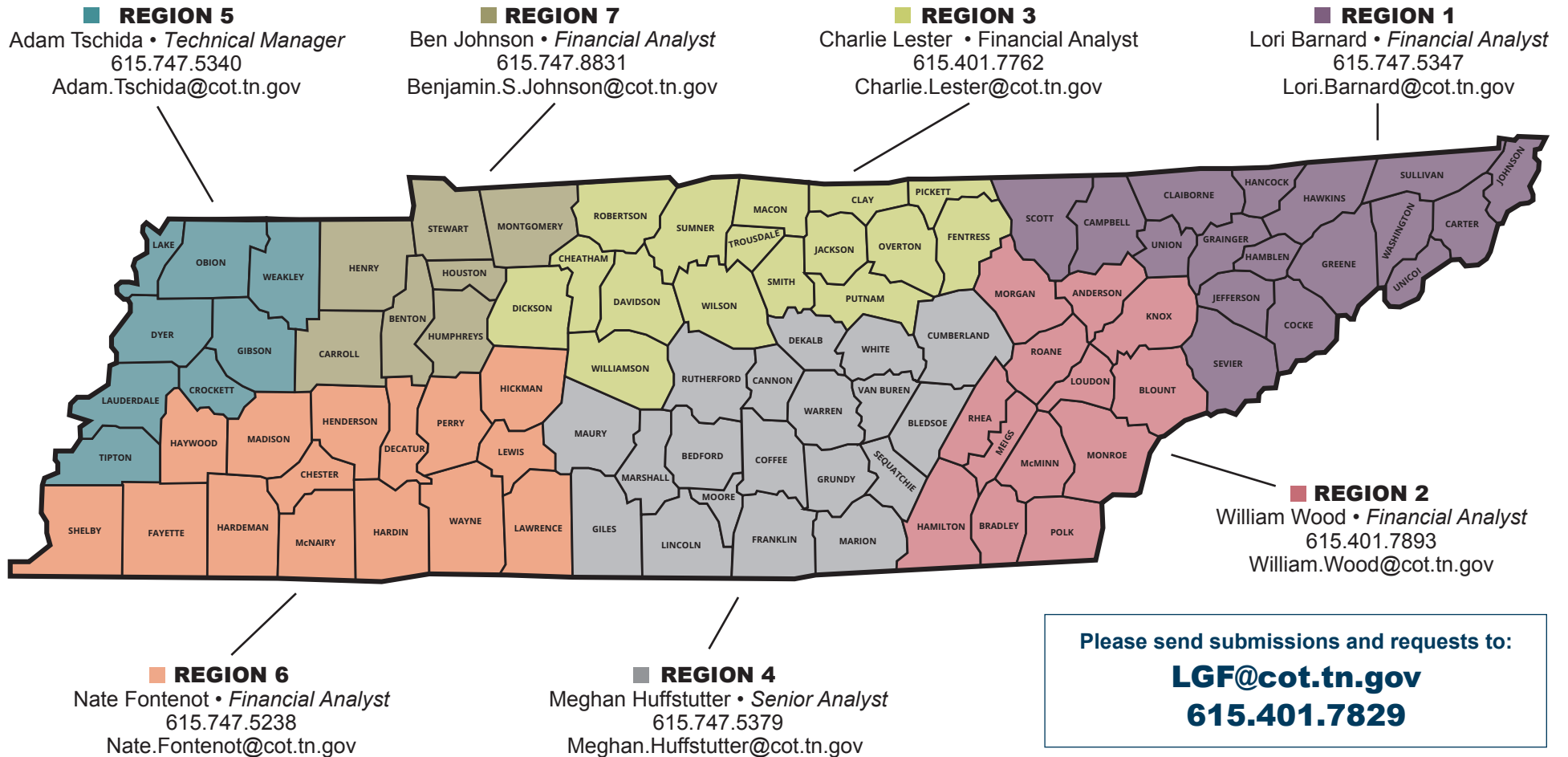
#### THE FOLLOWING STEPS SHOULD BE FOLLOWED:

- FIRST**      Adopt the budget for your local education agency (school system).
- SECOND**     Enter budgeted revenues for your **local contribution** into the Tennessee Department of Education's online ePlan application. Please note that your financial expenditure report information can be entered into ePlan at a later date once it is available; however, the budgeted revenues **must be entered prior to your budget submission**.
- THIRD**      Take a snip-it, screen shot, or picture of your computer screen on the ePlan site showing this has been done.
- FOURTH**     Include the snip-it, screen shot, or picture **as part of your initial annual budget submission**. Do not send separately.
- FIFTH**      The Department of Education will review budgeted revenues and let our office know if the local contribution is consistent with the Act and we will proceed with our review of your annual budget.



# Division of Local Government Finance

## CONTACT INFORMATION BY REGION



Effective July 2023