



November 23, 2024

Selling the Project

Dear Reader:

The following document was created from the CTAS website (ctas.tennessee.edu). This website is maintained by CTAS staff and seeks to represent the most current information regarding issues relative to Tennessee county government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with county government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other CTAS website material.

Sincerely,

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Reference Number: CTAS-1777

Basic Steps of Establishing a CIP and Policy Considerations can be found under the Capital Budgets topic. Included is information on a committee or governing structure that identifies and starts the approval process for the capital program and funding approval.

A guide for approval of a capital project and related funding should follow the same procedures as adoptions of the operating budget; that guidance can be found in T.C.A. § 9-11-115. In summary, the code references adoption of an appropriation resolution, and then the related tax resolution for the operating budget. However, in the case of a capital project, a county could adopt a project budget known as the Project Budget Resolution (an example of a Project Budget Resolution is noted in figure 15) and then adopt the bond/note/loan resolution which we shall refer to as the Debt Resolution. Due to the legal nature of debt obligation as an attorney approved resolution, Debt Resolution allowing the government to levy taxes to repay the indebtedness will be required. This two step process allows the county's related committee structure to work through gaining commission and public support for a project and related debt by gaining an understanding of the project needs and how the purposed project will meet the public purpose prior to action on a Debt Resolution.

We recognize that all counties do not approve a capital project and related debt in a two step process, but approve only the Debt Resolution. If only a Debt Resolution is approved, the budget approval is implied.

Recommended Practice: Establish a Capital Budget and post the budget on the accounting record. Provide it to the legislative body even if only a Debt Resolution has been adopted.

			Current Budget	Amendment	Amended Budget
Highway Capital Projects (176)					
<i>Fund Balance and Designations</i>					
176	39000	Undesignated Fund Balance	0	0	0
<i>Revenues and Transfers In</i>					
176	44570	Contributions	0	2,500,000	2,500,000
Total Revenue			0	2,500,000	2,500,000
<i>Expenditures</i>					
Highway & Street Capital Projects					
176	91200	399 Other Contracted Service	0	1,250,000	1,250,000
	91200	404 Asphalt- Hot Mix	0	250,000	250,000
	91200	405 Asphalt- Liquid	0	215,000	215,000
	91200	409 Crushed Stone	0	500,000	500,000
	91200	703 Asphalt Plant Equipment	0	0	0
	91200	714 Highway Equipment	0	250,000	250,000
	91200	606 Other Debt Issuance Charges	0	35,000	35,000
Total Expenditures			0	2,500,000	2,500,000
<i>Fund Balance and Designations</i>					
177	39000	Undesignated Fund Balance	0	0	0

Figure 15

Source URL: <https://www.ctas.tennessee.edu/eli/selling-project>