



February 05, 2025

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# Operating Budget Resource Materials

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Dear Reader:

The following document was created from the CTAS website ([ctas.tennessee.edu](http://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,

The University of Tennessee  
County Technical Assistance Service  
226 Anne Dallas Dudley Boulevard, Suite 400  
Nashville, Tennessee 37219  
615.532.3555 phone  
615.532.3699 fax  
[www.ctas.tennessee.edu](http://www.ctas.tennessee.edu)

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# Operating Budget Resource Materials

Reference Number: CTAS-2080

Sample Letter of Agreement

## County Budget Laws

Reference Number: CTAS-2114

<b>Charters</b>	<b>Budget Law</b>
<b>County</b>	
Shelby	Charter
Knox	Charter
Davidson	Metro Charter
Moore	Metro Charter
Trousdale	Metro Charter
1957 Act With Schools	
<b>County</b>	
	Blount
	Johnson
	Loudon
	Roane
1957 Act Without Schools	
<b>County</b>	
	Cheatham
	Cocke
	Dickson
	Greene
	Jackson
	Lawrence
	Montgomery
	Overton
	Smith
	Washington
	Williamson (with 1990 Budget Law)
Private Acts	
<b>County</b>	
	Benton
	Dyer
	Gibson
	Grainger
	Hardeman
	Henry
	Marshall
	Maury
	McNairy
	Meigs
	Rutherford
	Sullivan
	Sumner
	Tipton
1993 Law	
<b>County</b>	
	Decatur
	DeKalb

- County**
- 1981 Act
- County**
- Hardin
  - Anderson
  - Bedford
  - Campbell
  - Cannon
  - Carter
  - Claiborne
  - Cumberland
  - Fentress
  - Franklin
  - Giles
  - Henderson
  - Hickman
  - Jefferson
  - Lincoln
  - Madison
  - McMinn
  - Monroe
  - Morgan
  - Rhea
  - Robertson
  - Scott
  - Union
  - Warren
  - Weakley
  - White
  - Wilson (excludes schools)

<sup>1</sup> All other counties are under general law budgeting provisions.

## Department Budget by Object Code

Reference Number: CTAS-2081

### Department Budget by Object Code

#### Expenditures

55130Ambulance		
105	Supervisor/Director	42,000
162	Clerical Personnel	21,000
164	Attendants(EMT, PM)	504,000
196	In-service Training	3,400
201	Social Security	45,747
204	State Retirement	10,325
207	Employee Insurance	54,000
210	Unemployment compensation	8,372
307	Communication	10,700
308	Contracts w/Quality Care	20,000
320	Dues and Memberships	200
332	Legal Notices, Court Cost	3,000
333	Licenses	2,300
335	Maint/Repair/Building	10,000
338	Maint/Repair/Vehicles	10,000

340	Medical & Dental Services	1,000
348	Postal Charges	1,000
355	Travel	1,000
359	Disposal Fees	1,000
399	Contracted Services	6,000
410	Custodial Supplies	3,600
411	Data Processing Supplies	3,000
412	Diesel Fuel	18,000
413	Drugs & Medical Supplies	42,000
415	Electricity	7,500
434	Natural Gas	2,800
435	Office Supplies	1,000
450	Tire and Tubes	5,400
451	Uniforms	7,000
454	Water and Sewer	1,700
499	Other Supplies (linens)	8,000
502	Building and Contents Insurance	3,500
506	Liability Insurance	6,200
510	Trustee's Commission	13,372
511	Vehicles & Equipment Insurance	10,700
513	Workers' Comp. Insurance	36,870
708	Communication Equipment	10,000
709	Data Processing Equipment	16,700
711	Furniture & Fixtures	3,700
718	Motor Vehicles	184,000
735	Health Equipment	72,600
	Total Ambulance Service	1,212,686

## Sample Budget Calendar

Reference Number: CTAS-718

### SAMPLE BUDGET CALENDAR

\_\_\_\_\_ County

For the Fiscal Year 20\_\_

#### PHASE ONE: *Adoption of Budgeting System*

<b>Dates</b>	<b>Responsibility</b>	<b>Procedures or Action To Be Taken</b>
November 1–January 1	Committee & Department Heads	Develop procedures, budget forms and budget calendar
January 2–31	County Legislative Body	Adopt budgeting process
February 1	Budget Coordinator	Transmit budget instructions, related statistical data, procedures, forms, and budget calendar to all department heads responsible for preparing the department's budget

#### PHASE TWO: *Departments Prepare Budgets*

<b>Dates</b>	<b>Responsibility</b>	<b>Procedures or Action To Be Taken</b>
February 1	Department Heads	Prepare information for proposed budget
April 1–10	Department Heads	Provide complete information to budget coordinator
April 1	Budget Coordinator	Assemble information for presentation to county legislative body

April 10–15                      Operating Department  
Heads                                      Present budgets to county legislative body

**PHASE THREE: *Review, Analysis and Recommendations***

<b>Dates</b>	<b>Responsibility</b>	<b>Procedures or Action To Be Taken</b>
April 15	CountyLegislativeBody	Review budgets with department heads
May 15	Budget Committee	Analyze budgets; review alternatives and priorities as to funding and expenditures; prepare recommendations
May 15–30	Budget Coordinator	Prepare consolidated budgets and recommendations

**PHASE FOUR: *Review of Budget by County Legislative Body***

<b>Dates</b>	<b>Responsibility</b>	<b>Procedures or Action To Be Taken</b>
June 1–20	CountyLegislativeBody (CLB)	Review budgets
June 20–30	CLB	Negotiate budget changes and hold budget hearings
July 1 - August 31	CLB	Adopt budget

**PHASE FIVE: *Preparation and Dissemination of Adopted Budgets***

<b>Dates</b>	<b>Responsibility</b>	<b>Procedures or Action To Be Taken</b>
June 30 - August 31	Budget Coordinator	Prepare adopted budget in printed form; disseminate budgets to department heads as their authority to receive and expend funds

Recommended Practice: Develop a Budget Calendar

# Sample Budget Handbook

Reference Number: CTAS-2083

## Budget Handbook

\_\_\_\_\_ COUNTY, TENNESSEE  
BUDGET PREPARATION INSTRUCTIONS  
FISCAL YEAR 20\_\_ - 20\_\_

### **Instructions-Budget Form A**

Budget Form A (General Budget Preparation Form) is provided for each department or function within a fund. Already listed on the form will be the actual expenditures for FY 20\_\_-\_\_, current approved Budget FY 20\_\_-\_\_ and expenditures through 20\_\_-\_\_ for each line item (object code) within the department budget. Based on the information provided in columns (1), (2) and (3); along with current knowledge, you (official/department head) are requested to make an accurate projection of the Total Expenditures for FY 20\_\_-\_\_ and list them by line item under column (4). Due to the need to determine accurate year-end balances it is very important that your expenditure projections be as accurate as possible. Refer to Budget Form B for information in making projections relating to "Salary" and "Compensation" line items.

After completing column (4) "20\_\_-\_\_ Projected Expenditures:", review each of the line items, one by one, and calculate the required amount to be proposed for the Budget Year 20\_\_-\_\_. Enter these amounts by line item in column (5) "20\_\_-\_\_ Proposed Budget". For salary and compensation line items, refer to the guidelines in the Budget Transmittal Letter and the instructions for completing Budget Form B prior to entering any figures on Form A. The total to be entered for each "Salary" line item on Budget Form A will be taken from the "FY 20\_\_-\_\_ Proposed Total Annual Compensation" column (8) of Budget Form B.

After completing the information required on Budget Form B and transferring the figures to the appropriate line items in column (5) of Budget Form A, please calculate the increases or decreases over FY 20\_\_-\_\_ approved budget [column (5) minus column (2)] and then list the difference under column (6) or (7). Increases for compensation, utilities, postage, supplies and other increases should be listed under

column (6). Increases relating to new programs or expansion of existing programs should be listed under column (7) and explained on the attached separate sheet.

**Instructions-Budget Form B**

Budget Form B (Budget Preparation Form/Personnel) is provided for each line item of a department or function with budgeted salaries or compensation for the Fiscal Year 20\_\_-\_\_. For assistance in preparing your budget, information is provided in column 2 through 5 relative to job title, employee name, current hourly, bi-weekly, or monthly rate and total annual compensation of each employee. The information listed in column (4) and (5) will include any experience/longevity step increases received by the employee to date. The totals for each account code for FY 20\_\_-\_\_ may not agree with the budgeted amount on Budget Form A for various reasons, although it does reflect the current levels of salary being charged. This will be your starting point for developing the proposed compensation for FY 20\_\_-\_\_ to be entered in column (8). Any new positions to be proposed will require information to be listed under column (2) – “Job Title”, column (6) – “FY 20\_\_-\_\_ Proposed Annual Base” and column (8) “Proposed 20\_\_-\_\_ Total Annual Compensation”. For any listed position that will not be filled in the fiscal year 20\_\_-\_\_ please write delete in column (8).

Refer to the attached Budget Transmittal Letter for guidelines to calculate proposed FY 20\_\_-\_\_ compensation amounts. The proposed rate for cost-of-living increases will be listed under section B. The first step will be to calculate the fiscal year 20\_\_-\_\_ annual base for each employee to be entered into column (6). The total of the amounts entered in this column should not exceed the FY 20\_\_-\_\_ Salary Budget plus the cost-of-living percentage. The department head/elected official will have the discretion to increase each employee the cost-of-living percentage (column 5 x cost-of-living percent) or to allocate the cost-of-living percentage pool based on the performance or some other basis.

The second step will be to add the amount entered in column 6 to the longevity/experience amount listed in column 7 to arrive at the Total Annual Compensation that you will list under column 8. Column 9 may be filled in if you desire, although it is not mandatory.

## Sample Newspaper Notice

Reference Number: CTAS-2084

Notice for Newspaper

\_\_\_\_\_ County, Tennessee  
Proposed Budget  
For the Fiscal Year Ending 20\_\_

	Actual 20__-__	Estimated 20__-__	Estimated 20__-__
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**General Fund**

Estimated Revenues & Other Sources

Local Taxes	\$1,434,942	\$1,678,558	\$1,732,457
State of Tennessee	693,206	1,177,386	877,680
Federal Government	451,309	114,910	290,000
Other Sources	616,810	70,200	525,023
<b>Total Estimated Revenues &amp; Other Sources</b>	<b>\$3,196,267</b>	<b>\$3,041,054</b>	<b>\$3,425,160</b>

Estimated Expenditures & Other Uses

Salaries	\$1,401,490	1,492,701	1,536,429
Other Cost	1,557,051	1,357,786	1,166,234
Total Estimated Expenditures & Other Uses	\$2,958,541	\$2,850,487	\$2,702,663
Estimated Beginning Fund Balance-June 1	\$599,926	\$837,652	\$1,028,219
Estimated Ending Fund Balance-June 30	\$837,652	\$1,028,219	\$1,750,716
Employee Positions	50	51	53

**Highway/Public Works Department**

Estimated Revenues & Other Sources

Local Taxes	\$25,540	\$21,668	\$18,000
State of Tennessee	1,445,823	1,498,188	\$1,530,181<
Federal Government	530,951	124,395	-
Total Estimated Revenue & Other Sources	\$2,002,314	\$1,644,251	\$1,548,181

Estimated Expenditures & Other Uses

Salaries	\$378,393	\$370,216	\$521,021
Other Cost	\$1,526,188	957,615	\$1,037,306



Total Estimated Expenditures & Other Uses	\$1,904,581	\$1,327,831	\$1,558,327
Estimated Beginning Fund Balance-June 1	\$171,303	\$269,036	\$585,456
Estimated Ending Fund Balance-June 30	\$269,036	\$585,456	\$575,310
Employee Positions	18	18	23

**General Purpose School Fund**

Estimated Revenues & Other Sources

Local Taxes	\$1,384,227	\$1,350,361	\$1,307,000
State of Tennessee	6,823,514	7,019,232	7,085,385
Federal Government	141,262	144,897	148,406
Total Estimated Revenue & Other Sources	\$8,349,003	\$8,514,490	\$8,540,791

Estimated Expenditures & Other Uses

Salaries	\$5,407,698	\$5,650,875	\$5,941,797
Other Cost	2,901,982	3,012,356	3,317,194
Total Estimated Expenditures & Other Uses	\$8,309,680	\$8,663,231	\$9,258,991
Estimated Beginning Fund Balance-June 1	\$1,226,002	\$1,265,325	\$1,116,584
Estimated Ending Fund Balance-June 30	\$1,265,325	\$1,116,584	\$398,384

Employee Positions	229	334	340
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**Debt Service Fund**

Estimated Revenues & Other Sources

Local Taxes	\$386,756	\$373,995	\$460,765
Other Sources	330,372	315,664	317,450
Total Estimated Revenue & Other Sources	\$717,128	\$689,659	\$778,215

Estimated Expenditures & Other Uses

Debt Service Cost	\$757,535	\$806,018	\$799,111
Estimated Beginning Fund Balance-June 1	\$209,585	\$169,178	\$52,819
Estimated Ending Fund Balance-June 30	\$169,178	\$52,819	\$31,923

## Requirements for an Adopted Budget

Reference Number: CTAS-2085

The Comptroller of the Treasury sends out an Annual Budget Memo that includes the forms and procedures required for county budget appropriation resolutions. Counties are required to submit their budget with required supporting documents to the office of Local Government Finance (LGF) within 15 days of adoption. The Comptroller’s letter states that "The county and its officials, by submission of their budget to LGF, represent that their annual operating and capital budget as adopted is realistic and in compliance with all federal, state or local statutes for specific programs." Counties that submit a budget with incorrect information may be required to submit monthly reports to LGF.

Local Government Finance

## Appropriation Resolution

Reference Number: CTAS-2086

**RESOLUTION NO. \_\_\_\_\_**  
**A RESOLUTION AUTHORIZING APPROPRIATIONS FOR THE VARIOUS FUNDS,**  
**DEPARTMENTS, INSTITUTIONS, OFFICES AND AGENCIES OF**  
**\_\_\_\_\_ COUNTY, TENNESSEE**  
**FOR THE FISCAL YEAR**  
**BEGINNING JULY 1, 20\_\_\_\_ AND ENDING JUNE 30, 20\_\_\_\_**

**SECTION 1.** BE IT RESOLVED by the Board of County Commissioners of \_\_\_\_\_ County, Tennessee assembled in regular session on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, that the amounts hereinafter set out are hereby appropriated for the purpose of meeting the expenses of the various funds, departments, institutions, offices and agencies of \_\_\_\_\_ County, Tennessee. The amounts hereinafter set out are appropriated for the operating expenses, capital outlays, transfers, and for the payment of principal and interest on the County’s outstanding debt maturing during the year beginning July 1, 20\_\_\_\_ and ending June 30, 20\_\_\_\_, according to the following schedule:

<b>GENERAL FUND</b>	
County Commission	164,300
Beer Board	1,940
County Mayor	401,304
County Attorney	167,000
Election Commission	644,206
Register of Deeds	276,239
Codes Compliance	169,950
County Buildings	2,953,039
Other Facilities	423,299
Property Assessor’s Office	156,934
County Trustee	435,076
County Clerk	935,566
Other Finance	734,600
Circuit Court	1,321,618
General Sessions	456,967
Drug Court	211,784
Chancery Court	348,899
Juvenile Court	223,300
Judicial Commissioners	148,366
Probation Services	52,700
Victim Assistance Program	305,375
Sheriff’s Dept.	7,311,487
Jail	5,041,490
Workhouse	143,606
Juvenile Services	659,972
Commissary	360,000
Fire Prevention	968,940
Civil Defense	347,565
Other Emergency Services	168,627
County Coroner	254,900
Other Public Safety	1,044,000
Local Health Center	394,953
Ambulance Service	5,625,750
Other Local Health	74,800
General Welfare Assistance	5,000
Aid to Dependent Children	8,000
Other Public Health	1,527,400
Senior Citizens	84,170

Libraries	674,852
Parks & Fairboards	5,354
Other Social & Cultural	12,000
Agriculture Extension Svcs.	280,550
Forest Service	1,500
Soil Conservation	75,100
Airport	35,000
Veterans Services	112,123
Contributions to other Agencies	280,258
Employee Benefits	9,851,000
Miscellaneous	2,121,165
Transfers Out	0
<b>TOTAL GENERAL FUND</b>	<b>48,002,024</b>

**SOLID WASTE/SANITATION FUND**

Sanitation Management	5,153,810
Other Waste Collection	0
Landfill Operation	145,000
Other Waste Disposal	955,000
Postclosure Care Costs	217,600
<b>TOTAL SOLID WASTE</b>	<b>6,471,410</b>

**DEBT SERVICE FUND**

Capital Outlay	903,990
Education Debt Service	10,228,803
Other Debt Service	362,000
Public Safety Projects	7,174,456
Transfers Out	12,000,000
<b>TOTAL DEBT SERVICE</b>	<b>30,669,249</b>

**SAMPLE COUNTY ROAD FUND**

Administration	409,637
Highway & Bridge Maint.	3,892,550
Operation & Maint. Equip.	548,050
Other Charges	285,300
Capital Outlay	625,000
<b>TOTAL ROAD FUND</b>	<b>5,760,537</b>

**CHILD NUTRITION FUND**

Food Service	7,225,000
Operating Transfers	675,000
<b>TOTAL CHILD NUTRITION</b>	<b>7,900,000</b>

**EXTENDED SCHOOL PROGRAM**

Community Services	1,674,110
<b>TOTAL EXTENDED SCHOOL</b>	<b>1,674,110</b>

**DRUG CONTROL FUND**

Drug Enforcement	203,400
<b>TOTAL DRUG CONTROL</b>	<b>203,400</b>

**INDUSTRIAL/ECONOMIC DEVELOPMENT**

Development	13,800
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Industrial Development	1,114,650
Miscellaneous	0
Transfers Out	103,925
<b>TOTAL INDUSTRIAL FUND</b>	<b>1,232,375</b>
<b><u>CAPITAL PROJECTS FUND</u></b>	
County Buildings	16,067,000
<b>TOTAL CAPITAL PROJECTS</b>	<b>16,067,000</b>
<b><u>PRESERVATION OF RECORDS FUND</u></b>	
Preservation of Records	104,000
<b>TOTAL OF PRESERVATION OF RECORDS</b>	<b>104,000</b>
<b><u>OTHER SPECIAL REVENUE FUND</u></b>	
Preservation of Records	700
<b>TOTAL OF PRESERVATION OF RECORDS</b>	<b>700</b>
<b><u>SPORTS AND RECREATION FUND</u></b>	
Parks and Fairboards	1,293,320
Other Social Recreation	166,150
<b>TOTAL OF SPORTS AND RECREATION FUND</b>	<b>1,459,470</b>
<b><u>COMMUNITY DEVEL. FUND</u></b>	
Development	154,100
<b>TOTAL OF COMMUNITY DEVELOPMENT FUND</b>	<b>154,100</b>
<b><u>GENERAL PURPOSE SCHOOL FUND</u></b>	
Regular Instruction Program	49,344,425
Alternative Instruction	688,785
Special Instruction Program	10,926,736
Vocational Education Program	2,090,091
Adult Education Program	0
Attendance	347,126
Health Services	1,261,265
Other Student Support	3,258,823
Regular Education Program	3,208,101
Support Alternative Service	156,766
Special Education Program	1,935,709
Vocational Education Program	128,062
Technology	1,732,149
Board of Education	2,023,135
Office of Director of Schools	178,537
Office of the Principal	7,534,342
Fiscal Services	1,060,227
Human Services/Personnel	287,976
Operation of Plant	8,186,908
Maintenance of Plant	2,682,386
Transportation	3,965,348
Central and Other	0
Food Service	470,511
Community Services	33,076
Early Childhood Education	1,973,504

Capital Outlay	0
<b>TOTAL GENERAL PURPOSE</b>	<b>103,473,988</b>
 <b>TOTAL APPROPRIATIONS</b>	 <b>223,172,363</b>

**SECTION 2.** BE IT FURTHER RESOLVED that the budget for the School Federal Projects Fund shall be the budget and all amendments approved for separate projects within the Fund by the Tennessee Department of Education and the local Board of Education.

**SECTION 3.** BE IT FURTHER RESOLVED that there are also hereby appropriated certain portions of the commissions and fees for collecting taxes and licenses and for administering other funds which the Trustee, County Clerk, Circuit Court Clerk, Clerk & Master, Register and the Sheriff and their officially authorized deputies and assistants may severally be entitled to receive under State laws heretofore or hereafter enacted. Expenditures out of commissions and/or fees collected by the Trustee, County Clerk, Circuit Court Clerk, Clerk & Master, Register and the Sheriff may be made for such purposes and in such amounts as may be authorized by existing law or by valid order of any court having power to make such appropriations. Any such excess commissions and/or fees collected over and above the expenditures duly and conclusively authorized shall be paid over to the Trustee and converted into the General Fund as provided by law. If any fee officials, as enumerated in Tenn. Code Ann. § 8-22-101, operate under provisions of Tenn. Code Ann. § 8-22-104, provisions of the preceding paragraph shall not apply to those particular officials.

**SECTION 4.** BE IT FURTHER RESOLVED that any appropriations made by this resolution which cover the same purpose for which a specific appropriation is made by statute is made in lieu of but not in addition to said statutory appropriation. The salary, wages, or remuneration of each officer, employee or agent of the County shall not be in excess of the amounts authorized by this resolution. Provided, however, that appropriations for such salaries, wages, or other remuneration hereby authorized shall in no case be construed as permitting expenditures for an office, agency, institution, division, or department of the County in excess of the appropriation made herein for such appropriation shall constitute the limit to the expenditures of any office, agency, institution, division or department for the year ending June 30, 20\_\_\_. The aggregate expenditures for any item of appropriation shall in no instance be more than the amount herein appropriated for such item.

**SECTION 5.** BE IT FURTHER RESOLVED that any amendment to the budget shall be approved as provided in Tenn. Code Ann. § 5-9-407. One copy of each amendment shall be filed with the County Clerk, one copy with the Chairman of the Budget Committee, one copy with each divisional or departmental head concerned. A description of the amendment, including its purpose and why it is needed during the current fiscal year; a statement disclosing the cost of the amendment by budget line item with subclassifications that shows each specific cost element, and the source of funding for the expenditure itemized by type must be included in the language of the amendment resolution. One copy of each amendment shall be submitted to the Comptroller’s Division of Local Government Finance after its adoption. This section shall in no case whatsoever be construed as authorizing transfer from one fund to another but shall apply solely to transfer within a certain fund.

**SECTION 6.** BE IT FURTHER RESOLVED that any resolution which may hereafter be presented to the Board of County Commissioners providing for appropriations in addition to those made by this Budget Appropriation Resolution shall specifically provide sufficient revenue or other funds, to be provided during the year in which the expenditure is to be made, to meet such additional appropriation. Said appropriating resolution shall be submitted to the Comptroller’s Division of Local Government Finance after its adoption as provided by Tenn. Code Ann. § 9-21-406.

**SECTION 7.** BE IT FURTHER RESOLVED that the County is hereby authorized to borrow money on tax and revenue anticipation notes, provided such notes are first approved by the Comptroller’s Division of Local Government Finance, to pay for the expenses herein authorized until the taxes and other revenue for the fiscal year 20\_\_ - 20\_\_ have been collected. The proceeds of loans for each individual fund shall not exceed 60% of the appropriations of each individual fund and shall be used only to pay the expenses and other requirements of the fund for which the loan is made. The loan shall be paid out of revenue from the fund for which money is borrowed. The notes evidencing the loans authorized under this section shall be issued under the applicable sections of Tennessee Code Annotated Title 9, Chapter 21. Said notes shall be signed by the County Mayor and countersigned by the County Clerk and shall mature and be paid in full without renewal no later than June 30, 20\_\_\_.

**SECTION 8.** BE IT FURTHER RESOLVED that the delinquent County Property taxes for the year 20\_\_\_, and prior years and the interest and penalty thereon collected during the year ending June 30, 20\_\_\_ shall be apportioned to the various County Funds according to the subdivision of the tax levy for the year 20\_\_\_. The Clerk and Master and the Trustee are hereby authorized and directed to make such

apportionment accordingly.

**SECTION 9.** BE IT FURTHER RESOLVED that all unencumbered balances of appropriations remaining at the end of the year shall lapse and be of no further effect at the end of the year June 30, 20\_\_.

**SECTION 10.** BE IT FURTHER RESOLVED that any resolution or part of a resolution which has heretofore been passed by the Board of County Commissioners which is in conflict with any provision in this resolution be and the same is hereby repealed.

**SECTION 11.** BE IT FURTHER RESOLVED that this resolution shall take effect from and after its passage and its provisions shall be in force from and after July 1, 20\_\_.

PASSED THIS \_\_\_\_\_ of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
\_\_\_\_\_, County Mayor

Attest:

\_\_\_\_\_  
\_\_\_\_\_, County Clerk

## Tax Levy Resolution

Reference Number: CTAS-2087

RESOLUTION FIXING THE TAX LEVY IN  
\_\_\_\_\_ COUNTY, TENNESSEE  
FOR THE YEAR BEGINNING JULY 1, 20\_\_

SECTION 1. BE IT RESOLVED by the Board of County Commissioners of \_\_\_\_\_ County, Tennessee, assembled in regular session on this 18th day of July, 20\_\_, that the combined property tax rate for \_\_\_\_\_ County, Tennessee for the year beginning July 1, 20\_\_, shall be \$1.5341 on each \$100 of taxable property, which is to provide revenue for each of the following funds and otherwise conform to the following levies:

<b>FUND</b>	<b>Rate</b>
General	\$ 0.5568
General Purpose School	0.6987
General Debt Service	0.0855
Rural Debt Service	<u>\$ 0.1931</u>
Total	<u>\$ 1.5341</u>

SECTION 2. BE IT FURTHER RESOLVED that there is hereby levied a gross receipts tax as provided by law. The proceeds of the gross receipts tax herein levied shall accrue to the General Fund.

SECTION 3. BE IT FURTHER RESOLVED, that all resolutions of the Board of County Commissioners of \_\_\_\_\_ County, Tennessee, which are in conflict with this resolution are hereby repealed.

SECTION 4. BE IT FURTHER RESOLVED, that this resolution take effect from and after its passage, the public welfare requiring it. This resolution shall be spread upon the minutes of the Board of County Commissioners.

Passed this \_\_\_ day of \_\_\_\_\_, 20\_\_.

## Non-profit Resolution

Reference Number: CTAS-2088

**SAMPLE RESOLUTION MAKING APPROPRIATIONS TO NON-PROFIT CHARITABLE ORGANIZATIONS OF \_\_\_\_\_ COUNTY, TENNESSEE FOR THE YEAR BEGINNING July 1, 20\_\_\_, AND ENDING June 30, 20\_\_\_.**

WHEREAS, Section 5-9-109, Tennessee Code Annotated, authorizes the \_\_\_\_\_ County Legislative Body to make appropriations to various nonprofit charitable organizations; and

WHEREAS, the \_\_\_\_\_ County Legislative Body recognizes the various nonprofit charitable organizations providing services in \_\_\_\_\_ County have great need of funds to carry on their nonprofit charitable work.

NOW, THEREFORE, BE IT RESOLVED by the Board of County Commissioners of \_\_\_\_\_ County, on this the \_\_\_ day of \_\_\_\_\_, 20\_\_\_.

SECTION 1. That five hundred eighteen thousand, one hundred ninety-four (\$518,194) be appropriated to nonprofit organizations in \_\_\_\_\_ County as reflected below.

<b>No.</b>	<b>Agency</b>	<b>Amount</b>
101-51710-309	Partnership for Economic Development	\$ 20,000
101-54310-399	Fire Prevention and Control	191,863
101-55110-316	Health Department	75,000
101-55190-309	American Legion	500
101-55190-309	Lions Club	500
101-55190-310	Caring Incorporated	65,000
101-55190-310	County Speech & Hearing	10,000
101-56500-316	Library	134,331
101-56700-316	Parks & Fair Boards	18,000
101-58300-316	Veterans Service	3,000
	Total	<u>\$ 518,194</u>

BE IT FURTHER RESOLVED that all appropriations enumerated in Section 1 above are subject to the following conditions:

1. That the non-profit charitable organization to which funds are appropriated shall file with the County Clerk and the disbursing official a copy of an annual report of its business affairs and transactions and the proposed use of the County's funds. Such annual report shall be prepared and certified by the Chief Financial Officer of such non-profit organization in accordance with Section 5-9-109(c), Tennessee Code Annotated.
2. That said funds must only be used by the named non-profit charitable organization in furtherance of their non-profit charitable purpose benefitting the general welfare of the residents of the \_\_\_\_\_ County.
3. That it is the expressed interest of the County Commission of \_\_\_\_\_ County providing these funds to the above named non-profit charitable organizations to be fully in compliance with Section 5-9-109 of Tennessee Code Annotated and any and all other laws which may apply to County appropriations to non-profit organizations and so this appropriation is made subject to compliance with any and all of these laws and regulations.

BE IT FURTHER RESOLVED that this resolution shall take effect from and after its passage and its provisions shall be in force from and after July 1, 20\_\_\_. This resolution shall be spread upon the minutes of the Board of County Commisioners

Passed this \_\_\_ day of \_\_\_\_\_, 20\_\_\_.

## General Budget Preparation Form

Reference Number: CTAS-2089







Fund	Beginning Spendable Fund Balance	Revenues	Debt Proceeds	Transfers-In	Estimated Receipts	Available F
General Fund	\$ 1,008,376	\$ 531,950	\$ 85,000	\$ -	\$ 616,950	\$ 1,622,326
Highway Fund	132,415	287,090	-	-	287,090	419,505
Solid Waste Fund	192,400	204,620	-	-	204,620	397,020
Drug Fund	1,041,621	1,673,000	-	-	1,673,000	2,714,621
General Purpose School Fund				-	-	
School Cafeteria Fund				-	-	
School Federal Projects Fund				-	-	
Water & Sewer Fund				-	-	
General Debt Service Fund				-	-	
<b>Totals</b>	<b>\$ 2,374,812</b>	<b>\$ 2,696,660</b>	<b>\$ 85,000</b>	<b>\$ -</b>	<b>\$ 2,781,660</b>	<b>\$ 5,153,932</b>
<b>Debt Service</b>						
	<b>Principal</b>	<b>Interest</b>	<b>Debt Service</b>			<b>Princip</b>
Fund: General Debt Service Fund					Fund:	
Schedule of Outstanding Debt	\$ 126,734	\$ 28,946	\$ 155,680		Schedule of Outstanding Debt	
Less: Budgeted Debt Payments					Less: Budgeted Debt Payments	
Difference:	126,734	28,946	155,680		Difference:	
Fund: Water & Sewer Fund					Fund:	
Schedule of Outstanding Debt	25,500	6,310	31,810		Schedule of Outstanding Debt	
Less: Budgeted Debt Payments					Less: Budgeted Debt Payments	
Difference:	25,500	6,310	31,810		Difference:	
Fund: Highway Fund					Fund:	
Schedule of Outstanding Debt	128,934	29,521	158,455		Schedule of Outstanding Debt	
Less: Budgeted Debt Payments					Less: Budgeted Debt Payments	
Difference:	\$ 128,934	\$ 29,521	\$ 158,455		Difference:	

## Estimated Revenues from Current Property Taxes

Reference Number: CTAS-2094

\_\_\_\_\_ County, Tennessee  
 Statement of Estimated Revenues from Current Property Taxes  
 20\_\_ Assessments Based upon Estimated  
 Assessed Valuation of \$640,870,000

Fund	Proposed Tax Rate	Amount of Tax Levy	Reserve for Delinquency 9.0%	Net Estimated Collection of Taxes
General	\$0.5568	\$3,568,044	\$321,124	\$3,246,920
General Purpose School	\$0.6987	\$4,477,841	\$403,006	\$4,074,835
General Debt Service	\$0.0855	\$548,182	\$49,336	\$498,845

Total \$1.3410 \$8,594,067 \$773,466 \$7,820,601

\_\_\_\_\_ County, Tennessee  
 Statement of Estimated Revenues from Current Property Taxes  
 20\_\_ Assessments Based upon Estimated  
 Assessed Valuation of \$640,870,000

Fund	Proposed Tax Rate	Amount of Tax Levy	Reserve for Delinquency 9.0%	Net Estimated Collection of Taxes
General	\$0.5568	\$3,568,044	\$321,124	\$3,246,920
General Purpose School	\$0.6987	\$4,477,841	\$403,006	\$4,074,835
General Debt Service	\$0.0855	\$548,182	\$49,336	\$498,846
Rural Debt Service (inside city or SSD)	\$ -	\$ -	\$ -	\$ -
Rural Debt Service (outside city or SSD)	<u>\$0.2000</u>	<u>\$1,237,360</u>	<u>\$111,362</u>	<u>\$1,125,998</u>
Total	<u>\$1.5410</u>	<u>\$9,831,427</u>	<u>\$884,828</u>	<u>\$8,946,599</u>

Notes:

- The Assessment for the Rural Debt Service Fund tax rate is \$618,680,000 – excludes SSD or city assessment
- ADA Proration:

	Percentage	Amount
General Purpose School Fund	93.50%	\$3,809,971
City or Special School District	6.50%	\$264,864
Total	<u>100.00%</u>	<u>\$4,074,835</u>

- Rate of \$0.00 for \_\_\_\_\_ Special School District

## Maintenance of Effort Test

Reference Number: CTAS-2095

eReports - Maintenance of Effort Test

**eReporting - State Of Tennessee - Department Of Education**

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County: 20XX - 20XX Maintenance of Effort Test

	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	
Account	Account Description	Budget 2010-2011	Amended Budget 2009-2010	Original Budget 2009-2010	AFR 2009-2010	Actual vs. Budget 2009-2010	2011 Budget vs. 2010 Budget
<b>First Level - Straight Year to Year Comparison</b>							
40110	Current Property Tax	18,344,800	15,926,000	15,926,000	15,813,211	(112,689)	2,412,000 **
40120	Trustee's Collections - Prior Year	835,800	850,000	850,000	647,847	(2,353)	(15,000)
40130	Circuit Clerk/Clerk & Master Collections - Prior Years	90,800	75,000	75,000	138,375	61,375	11,000 **
40140	Interest and Penalty	100,800	100,000	90,000	105,869	5,869	0
40150	Pickup Taxes	90,800	90,000	85,000	123,061	33,061	0
40161	Payments in Lieu of Taxes - T.V.A.	13,800	13,000	13,000	12,172	(628)	0
40162	Payments in Lieu of Taxes - Local Utilities	110,800	105,000	105,000	139,131	34,131	5,000
40163	Payments in Lieu of Taxes - Other	0	0	0	57,483	57,483	0
40210	Local Option Sales Tax	9,427,500	10,990,000	10,993,000	9,529,423	(566,577) *	(869,000)
40270	Business Tax	390,800	390,000	395,000	471,788	76,788	965,000
40290	Other County Local Option Taxes	9,800	9,000	9,000	5,785	(3,215) *	0
40320	Bank Excise Tax	0	0	0	142,952	142,952	0
	<b>Total County Taxes</b>	<b>29,198,800</b>	<b>27,450,000</b>	<b>27,441,000</b>	<b>27,194,909</b>	<b>(274,091)</b>	<b>1,700,000 **</b>
41110	Marriage Licenses	4,700	4,000	4,000	5,593	1,593	790 **
41140	Cable TV Franchise	0	0	0	342,631	342,631	0
44110	Investment Income	110,800	173,000	171,000	189,544	16,544	803,000
44120	Lease/Rentals	27,800	27,000	27,000	28,233	1,233	0
46950	Mixed Drink Tax	40,200	40,000	48,000	44,582	(1,418)	(6,000)
46951	State Revenue Sharing - T.V.A.	1,111,800	1,134,000	1,134,000	1,297,514	163,514	(23,000)
	<b>Total Local Revenue per School Records</b>	<b>30,480,700</b>	<b>28,843,000</b>	<b>28,825,000</b>	<b>29,093,006</b>	<b>250,006</b>	<b>1,611,700 **</b>
Cap. Outlay	(Less) Local revenue increases for Capital Outlay	0	0	0	0	0	0
Debt Svc	(Less) Local revenue increases for Capital Outlay	0	0	0	0	0	0
	<b>Total Adjusted Local Revenue</b>	<b>30,480,700</b>	<b>28,843,000</b>	<b>28,825,000</b>	<b>29,093,006</b>	<b>250,006</b>	<b>1,611,700 **</b>
<b>Second Level - Per Pupil Revenue</b>							
	<b>Total Adjusted Local Revenue</b>	<b>30,480,700</b>	<b>28,843,000</b>	<b>28,825,000</b>	<b>29,093,006</b>		
	ADM (From BEP Allocation Sheet)	0	11,429	11,429	11,429		
	<b>Per Pupil Revenue</b>		<b>2,524</b>	<b>2,522</b>	<b>2,548</b>		

\*. An explanation is required when actual revenues collected are less than 95% of budgeted revenues.  
 \*\*. An explanation is required when proposed budget estimates exceed prior year's budget/amended budget by more than 5%.  
 Proposed budget passes Maintenance of Effort

**Comments**

<https://www.k-12.state.tn.us/eReporting/MoeReport.aspx?reportcode=MOE> (1 of 2) [12/10/20 2:32:53 PM]

# Highway Certification Form

Reference Number: CTAS-2096

Example County  
 Highway Certification Worksheet

\*Enter amounts for accounts in which you received revenue. Enter ZERO (0) for accounts in which you did not.

I. Calculate Average	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018*	Total	II. Fiscal Year Appropriation	2018-2019
40110 Current Property Tax	615,300	626,127	630,826	636,074	651,735	3,160,062	40110 Current Property Tax	650,421
40115 Discount on Property Taxes					0	0	40115 Discount on Property Taxes	0
40120 Trustee's Collections - Prior Year	31,400	27,944	33,243	25,942	24,333	142,902	40120 Trustee's Collections - Prior Year	32,00
40125 Trustee's Collections - Bankruptcy			41		0	41	40125 Trustee's Collections - Bankruptcy	50
40130 Circuit/Clerk & Master Collections - Prior Years	19,634	16,956	22,314	10,006	8,088	76,998	40130 Circuit/Clerk & Master Collections - Prior Years	22,000
40140 Interest and Penalty	14,382	13,610	17,953	9,644	7,700	63,289	40140 Interest and Penalty	19,000
40150 Pick-up Taxes					0	0	40150 Pick-up Taxes	0
40161 Payments in Lieu of Taxes - T.V.A.	222	222	194	194	194	1,02	40161 Payments in Lieu of Taxes - T.V.A.	222
40162 Payments in Lieu of Taxes - Local Utilities	188	104	163	165	174	794	40162 Payments in Lieu of Taxes - Local Utilities	100
40163 Payments in Lieu of Taxes - Other	3,887	3,963	3,736	3,939	1,799	17,324	40163 Payments in Lieu of Taxes - Other	3,900
40210 Local Option Sales Tax					0	0	40210 Local Option Sales Tax	0
40220 Hotel/Motel Tax					0	0	40220 Hotel/Motel Tax	0
40240 Wheel Tax	114,367	114,356	114,059	116,633	105,688	565,103	40240 Wheel Tax	125,000
40250 Litigation Tax - General					0	0	40250 Litigation Tax - General	0
40260 Litigation Tax - Special Purpose					0	0	40260 Litigation Tax - Special Purpose	0
40270 Business Tax					0	0	40270 Business Tax	0
40280 Mineral Severance Tax	36,622	56,145	58,297	59,544	33,682	244,290	40280 Mineral Severance Tax	69,000
40285 Adequate Facilities/Development Tax					0	0	40285 Adequate Facilities/Development Tax	0
40290 Other County Local Option Taxes					0	0	40290 Other County Local Option Taxes	0
40320 Bank Excise Tax	7,158	6,973	3,387	344	91	17,953	40320 Bank Excise Tax	3,300
40330 Wholesale Beer Tax					0	0	40330 Wholesale Beer Tax	0
40331 Beer Privilege Tax					0	0	40331 Beer Privilege Tax	0
40340 Coal Severance Tax					0	0	40340 Coal Severance Tax	0
40350 Interstate Telecommunications Tax					0	0	40350 Interstate Telecommunications Tax	0
44110 Investment Income					0	0	44110 Investment Income	0
44990 Other Local Revenues					0	0	44990 Other Local Revenues	0
<b>Total Local Revenue</b>	<b>843,200</b>	<b>866,400</b>	<b>884,213</b>	<b>862,485</b>	<b>833,569</b>	<b>4,289,86</b>		<b>924,993</b>
Average = Total of 5 years total local revenue divided by 5							<b>Five-Year Average</b>	<b>857,973</b>
*estimate if audit figures are unavailable								

**Example County Tennessee**

July 11, 2018  
 COUNTY TECHNICAL ASSISTANCE SERVICE  
 226 ANNE DALLAS DUDLEY BOULEVARD, SUITE 400 NASHVILLE, TENNESSEE 37219-1804

EXAMPLE COUNTY, TENNESSEE HIGHWAY FUND LOCAL REVENUES CERTIFICATION FOR FY 2018-2019

Description	Actual 2013-2014	Actual 2014-2015	Actual 2015-2016	Actual 2016-2017	Actual 2017-2018	5 Year Average	Budget 2018-2019
Current Property Tax	615,300	626,127	630,826	636,074	651,735	3,160,062	650,421
Trustee's Collections - Prior Year	31,440	27,944	33,243	25,942	24,333	142,902	32,000
Trustee's Collections - Bankruptcy			41		0	41	50
Circuit/Clerk & Master Collections - Prior Years	19,634	16,956	22,314	10,006	8,088	76,998	22,000
Interest and Penalty Payments in Lieu of Taxes - T.V.A.	14,382	13,610	17,953	9,644	7,700	63,289	19,000
Payments in Lieu of Taxes - Local Utilities	222	222	194	194	194	1,026	222
Payments in Lieu of Taxes - Other	188	104	163	165	174	794	100
Wheel Tax	3,887	3,963	3,736	3,939	1,799	17,324	3,900
Mineral Severance Tax	114,367	114,356	114,059	116,633	105,688	565,103	125,000
Bank Excise Tax	36,622	56,145	58,297	59,544	33,682	244,290	69,000
Interstate Telecommunications Tax	7,158	6,973	3,387	344	91	17,953	3,3008
Total Local Revenue					85	85	0
	843,200	866,400	884,213	862,485	833,569	4,289,867	924,993
Average = Total of 5 years total local revenue divided by 5						<b>Five-Year Average</b>	857,973

THE UNDERSIGNED OFFICIALS OF EXAMPLE COUNTY, TN DO HEREBY CERTIFY THAT \$924,993 HAS BEEN APPROPRIATED AND ALLOCATED FOR COUNTY HIGHWAY PURPOSES FROM FISCAL YEAR 2018-2019 LOCAL REVENUE SOURCES AS COMPARED TO \$857,973 THAT REPRESENTS THE AVERAGE OF THE MOST RECENT 5 YEARS OF LOCAL REVENUE SOURCES ALLOCATED AND RECEIVED FOR EXAMPLE COUNTY HIGHWAY PURPOSES, PURSUANT TO TENNESSEE CODE ANNOTATED 67-3-901.

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NAME, COUNTY MAYOR

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NAME, HWY CHIEF ADMIN OFF

## Basic Formula

Reference Number: CTAS-2097

Estimated Beginning Fund Balance	+	\$1,000,000	(A)
Estimated Revenue	+	5,000,000	(B)
Transfer Into the Fund	+	0	(C)
Total Available Funds	=	6,000,000	(A+B+C=D)
Estimated Expenditures	-	5,500,000	(E)
Transfer Out of the Fund	-	0	(F)
Estimated Ending Fund Balance	=	500,000	(D-E-F=G)
<b>Effect on Fund Balance</b> (Est Revenues + Transfers In Less Est Exp + Transfers Out)		<b>(500,000)</b>	<b>((B+C)-(E+F)=H)</b>

Assuming 1 penny generates \$50,000  
 Assuming \$1 million dollars is the optimal fund balance

$$\$500,000 / \$50,000 = \$0.10$$

desired, divide the effect on fund balance by the value of the penny. This determines the tax increase needed.

# Assessment Summary

Reference Number: CTAS-2098

## ASSESSMENT SUMMARY EXAMPLE

### LOCALLY ASSESSED PROPERTY

#### REAL PROPERTY

Classification	Assessment	Parcels
Local Utility @ 55%	\$0	0
Industrial @ 40%	\$93,144,520	93
Commercial @ 40%	\$736,885,440	3,898
Residential @ 25%	\$2,122,837,325	59,473
Homebelt @ 25%	\$321,325	5
Farm @ 25%	\$37,192,425	395
Agricultural @ 25%	\$89,528,050	1,730
Forest @ 25%	\$27,775,400	729
Open Space @ 25%	\$0	0
Mineral @ 40%	\$2,360	2
<b>Total Real Property</b>	<b>\$3,107,686,845</b>	<b>66,325</b>

#### TANGIBLE PERSONAL PROPERTY

Classification	Assessment	Accounts
Local Utility @ 55%	\$0	0
Industrial @ 30%	\$217,487,861	60
Commercial @ 30%	\$142,480,374	5,838
Residential @ 5%	\$0	0
Farm @ 5%	\$0	0
Appraisal Ratio	0.9081	

#### INTANGIBLE PERSONAL PROPERTY

Classification	Assessment	Accounts
Commercial @ 40%	\$0	0
<b>Total Personal</b>	<b>\$359,968,235</b>	<b>5,900</b>

#### STATE ASSESSED PROPERTY

Classification	Assessment	Accounts
Public Utilities & Transportation @ 55%	\$130,880,876	102

#### ASSESSMENT TOTALS

Real Property	\$3,107,686,845
Tangible Personal Property	\$359,968,235
Intangible Personal Property	\$0
Public Utilities & Transportation	\$130,880,876
<b>TOTAL ASSESSED VALUE</b>	<b>\$3,598,535,956</b>

# Estimating Actual Property Tax Collections

Reference Number: CTAS-2100

## Sample Property Tax Collection with a Variance Factor

### Previous Year Assessments

Real Property	\$3,027,936,200
Tangible Personal Property	\$395,556,002
Intangible Personal Property	\$0



Public Utilities & Transportation	\$144,750,000
<b>Total Assessed Value</b>	<b>\$3,568,242,202</b>
Apply Previous Year Tax Rate	\$0.0247
Property Tax Collection at 100%	\$88,135,582
Actual Property Tax Collected	\$83,728,803
Actual Collection Percentage	95%

**Current Year Assessments**

Real Property	\$3,107,686,845
Tangible Personal Property	\$359,968,235
Intangible Personal Property	\$0
Public Utilities & Transportation	\$130,880,876
<b>Total Assessed Value</b>	<b>\$3,598,535,956</b>
Apply Current Year Tax Rate	\$0.0247
Property Tax Collection at 100%	\$88,883,838
Apply Historical Collection Percentage	95%
Property Tax Collection Estimate	\$84,439,646

**Net Penny Calculation**

Property Tax Collection Estimate (Using Historical Collection Percentage)	\$84,439,646
Divide by 100	\$844,396

**Determining the Yield of One Cent of the Property Tax Rate**

Total Assessed Value	\$3,598,535,956
Divide by \$100	\$35,985,359
Multiply by one cent (\$0.01)	\$359,853
Multiply by historical collection percentage	95%
What one-cent yields from a one cent rate	\$341,860

## Calculation of Property Tax Estimate

Reference Number: CTAS-2115

To calculate the property tax, first determine what has been the percent applicable to the collections of property taxes for the last three years. Usually this rate will be 85 to 95 percent. Then follow the steps below.

Total property assessments	\$
Divide by \$100*	
Multiply by property tax rate	
Equals 100 percent collections	
Multiply by ___ percent of collections**	
Net property taxes estimate	\$

**NOTE:**

\*Property tax rate is a rate per \$100 of assessed value.

\*\* Each county will have a variance factor, thus a different rate of collection; it is generally based on the last three years' average.

**Determining Yield of One-Cent Property Tax Rate.**

Since many decisions must be made concerning the increase in the property tax rate, local governments use what a one-cent rate will yield in revenues. Use the following calculation to determine your local government's one-cent yield.

Total property assessments	\$
Divide by \$100*	
Multiply by one cent	
Multiply by _____ percent of collections	
What one cent yields from a one-cent rate***	\$

NOTE:

\*\*\*In most counties, this will range from \$5,000 to \$100,000.

# Fund Balance Policy Example

Reference Number: CTAS-2110

## Sample County, Tennessee Fund Balance Policy

### Purpose

The County hereby establishes and will maintain reservations of fund balance as defined herein in accordance with Governmental Accounting Standards Board Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions and with regards to guidance from the Government Finance Officers Association (GFOA) GAAFR. This Policy shall apply to the County’s General Fund and General Debt Service Fund. Governmental fund balance may be composed of restricted, committed, assigned, non-spendable and unassigned amounts per GASB Statement 54.

### Minimum Level of Unassigned Fund Balance – General Fund

The General Fund unassigned fund balance will be maintained at a level sufficient to provide for the required resources to meet operating cost needs, to allow for unforeseen needs of an emergency nature, and to permit orderly adjustment to changes resulting from fluctuations of revenue sources. Given that current property tax collections do not begin until the fourth month of the fiscal year, Sample County will maintain at least Fifteen Percent (15.0%) of the next year’s budget in the unassigned fund balance of the General Fund.

Any amounts remaining in the fiscal year-end unassigned fund balance in excess of Fifteen (15.0%) of the approved subsequent year’s budget will be available for appropriation by the County Commission to cover such items as revenue shortfalls and unanticipated expenditures, and to ensure stable tax rates. The County Commission will attempt whenever possible to avoid appropriating such funding for recurring expenses.

### Minimum Level of Fund Balance – General Debt Service Fund

It is the practice of the County to pay the principal and interest requirements on the County’s debt obligations from the Debt Service Fund. Each year the budget committee of the County shall determine or estimate the principal and interest requirements of the County and recommend sources of revenues to meet these actual or projected requirements. Additionally, it shall be the policy of the County to begin each fiscal year with a balance of cash or investments in the Debt Service Fund in a conservatively calculated amount adequate to meet (1) cash flow needs, (2) budgeting contingencies, (3) emergency contingencies, (4) variable rate volatility contingencies plus (5) future forecasted needs.

Cash flow Requirement Component: The majority of local County revenues come from property taxes. Property taxes levied for a specific fiscal year are generally collected in the second half of that fiscal year. For this reason, it is common for the County to expend more than it collects during the first half of the fiscal year. For this reason, it shall be the policy of the County to begin each fiscal year with a sum of cash or investments equal to the debt service fund requirements scheduled to be expended during the first six months of the next fiscal year. This amount will typically equal six months of interest expense on the County’s total indebtedness unless the County schedules principal payments in the first six months of the fiscal year. Generally, except for short-term capital outlay notes, the County will not schedule principal payments in the first six months of the fiscal year.

### Annual Review and Determination of Fund Balance Reserve Amounts

Compliance with the provisions of this policy shall be reviewed as a part of the annual budget adoption process and amounts of restricted, committed, assigned, non-spendable, the minimum level of unassigned fund balance in the General Fund and the minimum level of fund balance in the Debt Service Fund shall be determined during this process.

**Source URL:** <https://www.ctas.tennessee.edu/eli/operating-budget-resource-materials>