



December 25, 2024

Basic Formula

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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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)
Effect on Fund Balance (Est Revenues + Transfers In Less Est Exp + Transfers Out)		(500,000)	((B+C)-(E+F)=H)

Assuming 1 penny generates \$50,000 \$500,000/\$50,000 = \$0.10
 Assuming \$1 million dollars is the optimal fund balance
 desired, divide the effect on fund balance by the
 value of the penny. This determines the tax increase needed.

Source URL: <https://www.ctas.tennessee.edu/eli/basic-formula>