



March 10, 2025

Factors When Developing Budget

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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Once an optimal fund has been achieved then it is a recommended practice that government's establish a budget that will maintain the fund balance.

The GFOA states that the minimum fund balance should be "no less than two months of regular general fund operating revenues or regular general fund operating expenditures."

Strongly recommended that the county establish a minimum fund balance in the debt service funds of at least 6-13 months of expenditures.

GASB Statement requires a written adopted minimum fund balance policy if the county is maintaining a minimum fund balance.

Over-estimating revenues and under-estimating expenditures will jeopardize the financial condition of the local government.

If your county has gone through reappraisal confirm with the property assessor on the value of the penny and the certified tax rate. Also, confirm with the trustee on the percentage of prior year collections

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