



March 10, 2025

Recurring Revenues and Expenditures

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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Recurring Revenues and Expenditures

Reference Number: CTAS-742

If an expenditure will continue each year, will the revenue source to fund the expenditure continue? Often programs are added that require recurring expenditures, but the revenue source is terminated. Therefore, there should be a clear understanding that whenever a new program is added and it is partially or fully funded from non-local tax sources, the program will be terminated or funded from the property tax when the funding source is stopped. The best examples of this problem are when recurring expenditures are funded by non-recurring revenues such as federal grants, federal revenue sharing funds, state grants, or from the undesignated fund balance.

POLICY RELATIVE TO TERMINATED STATE & FEDERAL GRANTS

What is the policy of the county relative to continuing the service when a federal or state grant is terminated? A policy should be established for each grant whenever it starts relative to the continuation of the service if and when the grant funds are terminated.

Recommended Practice: Develop a policy on dealing with grant funds or projects that may not have future revenue to support the programs.

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