



## **GUIDANCE FOR COUNTY CONTINUATION BUDGETS AND EXTENSIONS PURSUANT TO PUBLIC CHAPTER 170, ACTS OF 2015**

Counties budgeting pursuant to the General Law, County Budgeting Law of 1957, and Financial Management Act of 1981 may continue operations within the appropriations of the prior fiscal year if the county legislative body (the “CLB”) has not adopted an appropriation resolution for its current fiscal year by June 30. No action is required by the CLB to adopt a continuation budget if the budget is adopted prior to August 31. An agency of a county, or other entity that receives county monies, can spend no more than the amount spent in the same month of the prior fiscal year while operating under a continuation budget. A county can amend a continuation budget according to the procedures for amending a final operating budget. A county must amend its continuation budget to provide for the payment of debt service and court-ordered expenditures. A final operating budget for each fiscal year must be adopted no later than August 31. Under extraordinary circumstances, a county may request approval from the Office of State and Local Finance (OSLF) to adopt a continuation budget approval resolution that extends its prior fiscal year appropriation authority through September 30.

### **Continuation Budget Extension**

There are extraordinary circumstances that may justify an approval from OSLF to extend the county’s continuation budget authority until September 30. The following circumstances would not meet requirements for approval of a continuation budget extension:

- Inability to reach a consensus on either the appropriation or property tax levy
- School Board not submitting a complete budget within 45 days of the date of final budget adoption by the CLB as required by State statutes
- Property reassessment
- Election year
- Financial statements not audited

To request an approval for an extension, the following steps need to be followed:

- Submit a request letter from the County Executive/Mayor on or before August 15 which includes:
  - A statement that the county is in compliance with the balanced-budget law,
  - An explanation of the extraordinary circumstances that necessitated the request for continuance,
  - Whether these circumstances have occurred before, and, if so, how often.
- The county may be asked to provide additional information concerning its situation to obtain approval.

OSLF will respond to the CLB indicating approval of its request within seven (7) days after the receipt of the request and any supplemental documentation.

The CLB should set and properly advertise a meeting at which either a continuation budget extension resolution can be adopted or the appropriation resolution for its current fiscal year can be adopted. If the extension of a continuation budget is approved, the CLB must adopt the county's appropriation resolution and tax levy resolution by September 30. A county will not have authority to spend money after September 30 without an adopted budget. Adopting a budget and tax levy in September may delay the collection of taxes until after the property tax due and payable date of the first Monday in October.

### **Final Operating Budget Requirements**

The CLB needs to take into account the following in determining when it will adopt the appropriation and tax levy resolutions:

- The appropriation and tax levy resolutions the CLB adopts and supporting documentation for the budget must be submitted to OSLF for approval. State law requires a complete and proper budget be submitted immediately upon adoption.
- State law requires a county school system to submit a complete and certified copy of its entire budget to the Tennessee Department of Education (TDE) within 30 days after the beginning of the fiscal year.
- Property taxes are due and payable on the first Monday in October.
- If the CLB adopts an unbalanced budget or one with insufficient monies appropriated for the payment of debt service, the Comptroller may direct that the appropriation resolution be amended to reduce expenditures or that the tax levy resolution be amended to increase the property tax levy.

- If the CLB does not adopt a budget in a timely manner, a county will not have any spending authority after the continuation budget deadline of August 31 or after the continuation budget extension deadline of September 30.
- The CLB needs to adopt a budget in a timely manner so that its school system may be able to report a complete and certified school budget to TDE by the final reporting deadline of October 1 in order to maintain its eligibility to receive state school funds.

Please contact our office if you need further guidance. We ask that you contact your CTAS financial consultant if you need assistance with any of these processes related to the Commission's adoption of an appropriation resolution and tax levy resolution.