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## PROCEDURES FOR AMENDING COUNTY BUDGETS

County officials should determine which budget law applies to their county. Amending major categories requires approval by the county legislative body (CLB) for all general law counties. This document defines the budget committee to be a committee of the CLB specifically authorized by law or authorized by the CLB to approve such amendments. Counties appropriate at the Major Category level in the Appropriation Resolution and subsequently amend the budget at the Major Category level and at the line item level within the Major Categories for a department. The Division of Local Government Audit provides a chart of accounts with information on Major Categories on their website at: <https://comptroller.tn.gov/office-functions/la.html>.

### General Budgeting Law – T.C.A. § 5-9-407

1. Passage of a major category budget amendment by the CLB pursuant to T.C.A. § 5-9-407(b)
  - a. The amendment must be written and given to the county mayor and each member of the CLB.
  - b. The county mayor may make a recommendation concerning the amendment to the CLB.
  - c. The amendment must contain the following information:
    - i. a description of the amendment, including the purpose of the amendment and why it is needed during the current fiscal year;
    - ii. a statement showing the cost of the amendment by budget line item with subclassifications showing specific cost elements (personnel, salaries, equipment, etc., included in the line item); and
    - iii. funding sources for the expenditure itemized by federal sources, state sources, local sources or fund balance.
2. Methods for the amendment of a line item within a major category pursuant to T.C.A. § 5-9-407(c)
  - a. Prior to approval, the approving authority must check to see if the proposed amendment was previously disapproved by the CLB. No amendment request previously disapproved by the CLB can be approved.
  - b. Method 1: Approval of a written amendment request by the county mayor
    - i. The requesting department submits a written amendment to the county mayor for

1. If the county mayor does not approve the amendment then the request is submitted to the budget committee.
2. If there is no budget committee or the budget committee disapproves the request it is submitted to the CLB for approval.
  - ii. The county mayor cannot approve amendments for personnel costs.
- c. Method 2: Approval of a written amendment request by a budget committee
  - iii. The requesting department submits a written amendment to the budget committee.
  - iv. A budget committee can approve amendments for personnel costs.
  - v. If the budget committee fails to approve the amendment, it can be approved by submission to the county legislative body.
- d. Any line item amendment must be reported to the county legislative body in the next financial report pursuant to T.C.A. § 5-9-407(d).

Note: Counties using the County Budgeting Act of 1957 follow the provisions of the General Law in amending their budgets.

### **Local Option Budgeting Law of 1993 – T.C.A. Title 5 Chapter 12 Part 2**

1. Passage of major category budget amendment by the CLB pursuant to T.C.A. § 5-12-212
  - a. Any budget amendment may be requested by any department to appropriate local, state, or federal revenues, received in excess of the estimates used to adopt the budget.
  - b. This type of amendment may only be done to increase expenditures when new revenues are available.
  - c. It is approved by a majority vote of the CLB.
  - d. Notwithstanding, any department requesting such approval shall give written notice to the county mayor at least seven (7) calendar days prior to consideration of the request by the CLB.
2. Passage of major category budget amendment by the CLB and approval of the county mayor pursuant to T.C.A. § 5-12-213(a)(3)
  - a. The amendment must be written and given to the county mayor and each member of the CLB.
  - b. If the county mayor does not approve the amendment or fails to take action on the amendment within seven (7) days after its written submission to him, such amendment may be subsequently approved by a two-thirds (2/3) vote of the county legislative body.
  - c. The amendment must contain the following information:
    - i. a description of the amendment, including the purpose of the amendment and why it is needed during the current fiscal year;

- ii. a statement showing the cost of the amendment by budget line item with sub-classifications showing specific cost elements (personnel, salaries, equipment, etc., included in the line item); and
    - iii. funding sources for the expenditure itemized by federal sources, state sources, local sources or fund balance.
  - d. Amendments to the school department must first be approved by the county board of education. Amendments to the highway department must first be approved by the chief administrative officer of the highway department.
- 3. Line item amendment within a major category
  - a. Officials or department heads of an office or department whose budget is to be amended pursuant to T.C.A. may make amendments to line items within a major category of the budget. T.C.A. § 5-12-213(a)(1).
    - i. Officials who may make amendments to line items are the trustee, clerks of courts, register of deeds, county clerk, sheriff, and the assessor of property.
    - ii. The amendment must be submitted in writing to the county mayor and the CLB.
    - iii. Any line item amendment that affects amounts budgeted for personnel costs require the approval of the county mayor.
    - iv. If the county mayor disapproves or fails to take action on the amendment within seven (7) calendar days after written submission of the amendment, the county legislative body may approve the amendment by a two-thirds (2/3) vote.
  - b. Amendments to line items within major categories of the budget for departments other than the school department, highway department, the trustee, clerks of courts, register of deeds, county clerk, sheriff, and the assessor of property pursuant to T.C.A. § 5-12-213(a)(2).
    - i. The amendment must be submitted in writing to the county mayor, chair of the budget committee (if a committee has been appointed), and the CLB.
    - ii. Amendments may be made with approval of the county mayor and the budget committee.
    - iii. If the amendment is approved by county mayor and not approved by the budget committee within twenty-one (21) days after written submission of the request to the chair of the committee or there is no budget committee, the amendment may be approved by the CLB.
    - iv. If the amendment is not approved by the county mayor within seven (7) calendar days after written submission of the amendment to the county mayor, such amendment may be subsequently approved by a two-thirds (2/3) vote of the CLB.
  - c. Amendments to the school department must first be approved by the county board of education. Amendments to the highway department must first be approved by the chief

**County Financial Management System of 1981** – T.C.A. Title 5 Chapter 21 Part 1

1. Amendments increasing the amount of an appropriation or in addition to those made in the original budget appropriations are made and approved by the CLB pursuant to T.C.A. § 5-21-112(a).
  - a. A department, agency, or official is entitled to request a hearing to request additional appropriations after the adoption of the budget pursuant to T.C.A. § 5-21-111(f).
  - b. Such appropriations require sufficient revenues provided either by the tax levy or a source of funds designated to meet the additional appropriation amount.
  
2. Amendments to line items within major categories of the budget pursuant to T.C.A. § 5-21-113
  - a. The budget committee, with the consent of any official, may make transfers and adjustments within the smallest budget itemization of any subdivision.
  - b. Any other transfers or adjustments shall be submitted to the budget committee for its recommendation to the county legislative body.

Under the general budgeting laws a county may impound appropriations when less revenue is collected than estimated. Counties are to avoid spending more money than is available.

Officials of Private Act and Charter counties need to refer to their enabling legislation to determine the budget amendment requirements specific to their government. If a county's Private Act or Charter does not provide budget amendment authority, county officials will need to determine if they are authorized to make amendments under the General Budgeting Law.

**Please note: All budget amendments must be balanced**

Budgets must remain balanced. Therefore, increases in appropriations must be accompanied with an increase in revenues, a transfer of money from another fund, a decrease in cash (fund balance), or a decrease in the appropriations of another organizational unit(s) of the same fund.