



**ANNUAL REPORT**

**County and Metropolitan Government Budgets**

**Fiscal Year June 30, 2026**

*March 17, 2026*

**Jason E. Mumpower**

*Comptroller of the Treasury*

**DIVISION OF  
LOCAL GOVERNMENT FINANCE**

## Annual Report on County and Metropolitan Government Budgets

Fiscal Year June 30, 2026

Tenn. Code Ann. § 9-21-403 and 404

*Tennessee Budget Manual for Local Governments*

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### OVERVIEW AND SCOPE

The Comptroller's Division of Local Government Finance (LGF) reviews and approves annual operating budgets for Tennessee's 92 counties and 3 metropolitan governments. Tennessee counties and metropolitan governments operate on a fiscal year ending June 30<sup>th</sup> and prior to the beginning of each fiscal year, must adopt a budget resolution and email it, with other required documents, to LGF within 15 calendar days following adoption.

The scope of this report is limited to the results of budget reviews for the fiscal year ending June 30, 2026. More information about the Comptroller's budget approval process is available [online](#).

### APPROVAL PROCESS

Within 30 days of receipt, the Division of Local Government Finance reviews a budget submission and sends a letter to the governing body of the local government outlining the results of the review. Those letters are available [online](#). Each budget submission will be approved, conditionally approved, or not approved.

1 **Approved:** Budgets are approved when projected revenues and other available funds are sufficient to meet anticipated expenditures (or expenses). An approved budget may still have comments regarding areas that should be addressed in future years.

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2 **Conditionally Approved:** When budgets are conditionally approved, there is some required action by local officials. Generally, if the condition for approval is not met within a certain timeframe, the budget will not be approved.

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3 **Not Approved:** Budgets are not approved when a county or metropolitan government has a delinquent budget, a delinquent audit, continued noncompliance issues, or fails to meet conditions for approval.

State legislators have recognized the importance of having an approved budget by passing legislation specifying that when a budget is not approved, the governing body may not issue debt or financing obligations. In the case of an emergency, the Comptroller’s Office may waive the requirement of budget approval to allow the county or metropolitan government to enter into emergency financial transactions. See Tenn. Code Ann. § 9-21-404.

## 2026 APPROVAL RESULTS

Initial budget reviews for the fiscal year ending June 30, 2026, resulted in **78** approvals and **16** conditional approvals. After local officials had the opportunity to meet the conditions for approval, budget approvals increased to **94**, or 99%.

	2026	2025	2024	2023	Approval Trend
<b>Initial Review</b>					
Approved	78	76	81	79	
Conditionally Approved	16	19	14	16	
Not Approved	1	0	0	0	
<b>Final Review</b>					
Approved	94	95	95	92	
Conditionally Approved	0	0	0	3	
Not Approved	1	0	0	0	

## Budget Certificates

An important part of our review process is recognizing a job well done. To be effective, a budget should be adopted prior to the beginning of the fiscal year, be based on reliable estimates, be structurally balanced, provide for cash liquidity, allow for adequate reserves, be monitored throughout the year, and be amended, as necessary. The Comptroller’s Office has an Annual Budget Certificate program to recognize local officials that adopt budgets meeting the following specific criteria:

- The budget was adopted on or before the fiscal year end;
- The budget was filed with the Division of Local Government Finance within 15 days of the date of adoption;
- No issues of concern were raised during our review of the budget; and
- The county or metropolitan government is not currently under the oversight of the Tennessee Board of Utility Regulation.

We congratulate local officials from the **29** counties that were awarded a budget certificate for the fiscal year ending June 30, 2026. The names of the most recent recipients of the Annual Budget Certificate may be found at: [tncot.cc/budgetcertificates](https://tncot.cc/budgetcertificates).

	2026	2025	2024	2023	
Certificate Trend					
	County Governments	29	27	33	34
	Metropolitan Governments	0	1	2	1

## UNDERLYING CAUSES FOR DIFFERENT APPROVAL TYPES

### Fiscal Year 2026 Budgets Not Approved

One county budget was not approved. The budget for Shelby County was not approved because local officials failed to meet conditions identified during the prior year budget review that were prerequisite to approval of the 2026 budget.

### Fiscal Year 2026 Budgets Conditionally Approved

When a budget submission does not meet basic requirements, the budget is approved conditioned upon action by local officials and cannot be approved until the condition(s) is met. Budgets were conditionally approved for the following general reasons:

#### SUBMISSION REQUIREMENTS

- The budget submission was incomplete.
- A cash flow analysis was needed to demonstrate sufficiency of cash for operations.
- TISA information was not provided to the Tennessee Department of Education.

#### BUDGET RESOLUTION AND DETAILED BUDGETS

- The legal budget resolution was not certified, signed, and dated.
- Planned spending and/or transfers included in the detailed budget were not legally appropriated in the budget resolution.
- Debt service requirements for principal and interest were omitted from the budget appropriations resolution.
- The budget was adopted in noncompliance with the County's fund balance policy.
- Planned spending exceeded projected revenue and reserves.

### Fiscal Year 2026 Budget Considerations and Recommendations for Future Years

Considerations for the next budget year and recommended best practices are an important part of our annual review of the budget and included the following areas:

#### SUBMISSION REQUIREMENTS

- The budget was not filed with the Comptroller's Office within 15 calendar days of adoption.
- The submission omitted required information.
- The required budget worksheet was partially completed or inconsistent with other budget information.
- Scanned documents were not combined, e.g., multiple individual pages for the budget resolution were not combined into one document for submission.
- Submission requirements were not fully met.

#### BUDGET RESOLUTION AND DETAILED BUDGETS

- The budget was not adopted prior to the beginning of the fiscal year.
- The detailed budget reflected the use of nonrecurring revenues and/or reserves to pay for recurring expenditures.

- Expenditure estimates did not appear reasonable or realistic.
- The budget was not consistent with generally accepted accounting principles.
- The budget fully obligated all projected revenues and reserves.
- Amounts appropriated for principal and interest were incorrect.
- Changes to the detailed budget were not reflected in the budget resolution.
- Revenues were incorrectly classified as negative expenditures.

#### **UTILITY BUDGETING**

- The county or metropolitan government was under the oversight of the Tennessee Board of Utility Regulation.

#### **MONITORING**

- The most recent audit reflected expenditures that were not legally appropriated in the budget or in a subsequent budget amendment.
- The County's most recent audit included repeat audit findings for lack of budgetary controls.

#### **CASH MANAGEMENT**

- Ending cash balances were projected at a low level, generally less than one month's average spending.
- Cash flows were not managed throughout the year resulting in a cash overdraft finding in the most recent audit.
- A supporting cash flow schedule projected negative cash for at least one month, indicating the governing body will need to request Comptroller approval for an operating loan.

#### **BEST PRACTICES – POLICIES AND PROCEDURES**

- Operating funds were projected to end the year with a fund and/or cash balance of less than the minimum recommended two months of average expenditures.
- Projected revenues were fully obligated for all funds.
- Local officials budgeted the use of fund balance below the county's or metropolitan government's minimum fund balance policy.
- Best practices were recommended for:
  - a fund balance policy;
  - a cash management policy; and
  - the adoption of enterprise fund budgets by resolution.
- A centralized financial management system was recommended as a best practice.

#### **OTHER AREAS**

- Budget-related findings were reported in the most recent audit.

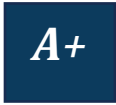















The most repeated comments in our review letters related to: (1) structural issues in the budget; (2) expenditures that were not legally appropriated in the budget resolution, as evidenced by the most recent audit on file; and (3) budget adoption after the beginning of the budget year.

For a snapshot of the results of our 2026 budget reviews, we encourage you to check out Appendix A.

## Appendix A

# 2026 AT A GLANCE

### BUDGET AND OTHER INFORMATION FOR TENNESSEE'S 95 COUNTIES AND METROPOLITAN GOVERNMENTS

 <p>9 budgets were approved with no future considerations.</p>	 <p>8 counties &amp; 3 metro govts operate a water, sewer, or gas utility.</p>	 <p>2 budget letters mentioned TBOUR - 1 for oversight, and 1 for release.</p>	 <p>29 counties earned a budget certificate.</p>
 <p>63 county &amp; metro govts adopted a timely budget.</p>	 <p>All county and metro governments reported general gov debt.</p>	 <p>1 county has no county school system.</p>	 <p>94 out of 95 budgets were approved.</p>
 <p>2 counties &amp; 1 metro govt earned GFOA's Budget Award.</p>	 <p>56 budget reviews resulted in a commendation.</p>	 <p>8 counties &amp; 1 metro govt have a population of 10,000 or less.</p>	 <p>70 budgets were approved with future requirements.</p>
 <p>84 budgets were submitted for review within 15 days of adoption.</p>	 <p>14 counties were recognized by the Comptroller for audits with no findings.</p>	 <p>16 budgets required action before approval.</p>	 <p>33 budget letters mentioned needed budgetary controls.</p>

*\*These statistics are based upon our budget review results and the most recent information available at the time of our budget review and/or publication of this report, which included FY 2024 audited information and FY 2025 and GFOA budget awards.*