



JASON E. MUMPOWER
Comptroller

ANNUAL BUDGET MEMO

To: Budget Contact
From: Sheila Reed, Director *SAR*
Division of Local Government Finance
Date: February 10, 2025
Subject: Fiscal Year 2026 Annual Budget Memo for Tennessee Counties
and Metropolitan Governments

Thank you for partnering with us as we work together to promote fiscal responsibility in Tennessee's local governments. Timely budget adoption is foundational to the budget process and ensures your local government begins the fiscal year with a sound financial spending plan.

BUDGET CERTIFICATE AWARD PROGRAM

Last year our office recognized 28 of Tennessee's 95 counties and metropolitan governments for, among other criteria, adopting a balanced budget **on or before June 30** and submitting the budget to our office **within 15 days** of adoption. We look forward to even more joining that number this budget year and being recognized at TGFOA's annual fall conference. Be sure to visit our website for a list of recipients and the requirements to qualify for a certificate: tncot.cc/budgetcertificates.

BUDGET SUBMISSION

Prior to the beginning of each fiscal year, all counties and metropolitan governments in Tennessee must adopt a budget resolution and submit it, with other required documents, to our office within 15 days following adoption. We have enclosed a budget submission checklist with this memo. Additional information concerning budgeting requirements, including a budget manual, budget tools, instructional videos, and supporting Excel schedules may be found on our [website](#).

WHAT'S NEW FOR 2026

Updated Submission Requirements

First: The following information and schedules are no longer required as part of your budget submission:

- cover letter
- budget summary schedule
- revenue forecasts
- schedule of outstanding debt and budgeted debt service

We recommend the use of a budget summary schedule, debt schedules, and revenue forecasts as budget tools, but you are no longer required to submit these with your budget.

Second: We have a new worksheet that must be completed and included as part of your budget submission packet. The worksheet requests key information that our office utilizes as part of our review and analysis of your budget and is available on our [website](#).

Coming Soon: Online Budget Submissions

The Comptroller's Office is developing a new online process for local governments to upload their annual budget submissions. More information to follow in the next few months.

IMPORTANT REQUIREMENTS AND RESOURCES TO REMEMBER

Statutory Filing Date

A **complete** budget submission must be filed with our office no later than August 31st to receive approval. Outside of an emergency, local governments may not issue debt without an approved budget from our office. (Tenn. Code Ann. § 9-21-404).

Conditional Approvals

If you receive a budget approval that is conditioned upon some action by your local government prior to our approval, you will have 45 calendar days after our letter is issued to meet the condition. If the condition is not met, the budget will not be approved. Outside of an emergency, you may not issue debt without an approved budget from our office (Tenn. Code Ann. § 9-21-404).

Tennessee Investment in Student Achievement Act (TISA)

Legislation was passed during 2023 that impacts budget approval for local education agencies. If the budget for the board of education does not include the local contribution that is required under the TISA Act, the budget will not be approved (Tenn. Code Ann. § 49-3-108).

Water, Sewer, and Gas Utility Systems

Pursuant to Tenn. Code Ann. § 7-82-707, counties and metropolitan governments with water, sewer, or gas utility systems are required to fill out an annual information report before the beginning of your fiscal year. Please visit tncot.cc/utilityinfo to fulfill this requirement.

Tools, Guidance, and Best Practices – Spotlight on Utility Budget Template

We encourage you to take advantage of the budget resources available on our website. Our **utility budget template** is designed to ensure your budget complies with state laws that require utility systems to adopt a budget consistent with (1) generally accepted accounting principles (GAAP), (2) statutory requirements associated with the Tennessee Board of Utility Regulation (TBOUR), and (3) sound cash management.

If you need any assistance with your submission, you may contact your analyst. For hands-on assistance in preparing and adopting your budget, please contact the County Technical Assistance Service (CTAS) or the State Department of Education – Section of Local Finance.

Enclosures: Budget Submission Checklist
Contact Information

Budget Submission Checklist – Counties & Metro Governments

Before You Submit Your Budget – Remember:

1.	Review last year’s budget letter for items relevant to this year’s budget: tncot.cc/lgf-letters .
2.	Submit your budget submission electronically. Coming Soon: A new online submission process. Do not send a separate paper copy to our office.
3.	Wait to submit your budget until all needed documentation is ready and available.
4.	Do not submit debt approval requests with your budget submission.

Coming
Soon

Be Sure to Include:

1.	Signed/certified and dated copy of the appropriation act resolution (and tax levy act resolution, if adopted separately) and separate resolution for proprietary funds, when applicable.
2.	Detailed budgets for all funds including enterprise funds and school funds, as applicable, that include estimated beginning and ending balances.
3.	The Comptroller’s budget submission worksheet.
4.	Documentation for the TISA Act local contribution —for local governments with a school system (see separate requirements).
5.	Cash flow forecast schedules for: <ul style="list-style-type: none">• Operating funds with a budgeted ending cash balance less than 15% of annual expenditures;• Operating funds with an ending cash balance in the prior year audit less than 15% of annual expenditures; and• Any fund that received proceeds from TRANs for the past two consecutive years.
6.	When applicable, other supporting budget schedules and information. For example, schedules to support budget information, narratives explaining specific issues in the budget that you would like to bring to our attention, policies, and other relevant information.
7.	A copy of the annual adopted budget for any entity that results in a financial benefit or financial burden to your local government (For help in applying this requirement, refer to Section 6 of the budget manual available on our website .)

New

TISA Act 2026 Budget Submission Requirements

The Tennessee Investment in Student Achievement Act (the Act) contains a provision that prohibits our office from approving budgets for local governments unless the **local contribution** required by the Act is included in the budget (T.C.A. § 49-3-108(h)).

To ensure compliance with the Act, we have partnered with the Department of Education and need you to enter **budgeted revenues** for your school system into **ePlan prior to submission** of your budget to the Division of Local Government Finance.

Follow These Steps

- FIRST** Adopt the budget for your local education agency (school system).
- SECOND** Enter budgeted revenues for your **local contribution** into the Tennessee Department of Education's online ePlan application. Please note that your financial expenditure report information can be entered into ePlan at a later date once it is available; however, the budgeted revenues **must be entered prior to your budget submission**.
- THIRD** Take a snip-it, screen shot, or picture of your computer screen on the ePlan site showing this has been done.
- FOURTH** Include the snip-it, screen shot, or picture **as part of your initial annual budget submission**. Do not send separately.
- FIFTH** The Department of Education will review budgeted revenues and let our office know if the local contribution is consistent with the Act and we will proceed with our review of your annual budget.



Division of Local Government Finance

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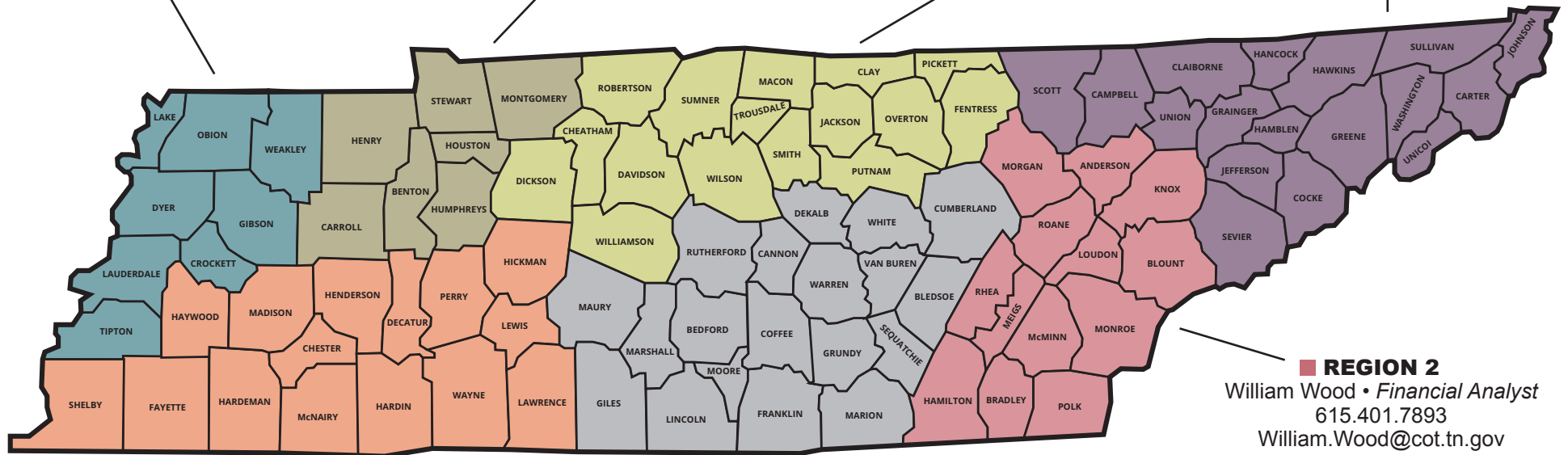
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