



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 Utility Districts,
Water and Wastewater Treatment Authorities, Municipal Energy
Authorities, and Other Utility Systems Created by Local Governments, such as
Joint Ventures created by an Interlocal Agreement

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 109 of Tennessee's 169 utility districts, 6 of Tennessee's 9 water and wastewater treatment authorities, and 9 of Tennessee's 13 municipal energy authorities, for, among other criteria, adopting a balanced budget **prior to the beginning of the fiscal year** and submitting the budget to our office **within 15 days** of adoption. That represents more than 50% of all utility systems. We look forward to even more qualifying for a certificate this budget year.

Please visit our website for a complete list of recipients and the requirements to qualify for a budget certificate: tncot.cc/budgetcertificates.

BUDGET SUBMISSION

Prior to the beginning of each fiscal year, all utility systems in Tennessee must adopt a budget ordinance and email it, with other required documents, to our office **within 15 days** following adoption. For your convenience we have enclosed a budget submission checklist.

Additional information concerning budgeting requirements, including a budget manual, instructional videos, and supporting schedules may be found on our [website](#).

WHAT'S NEW FOR 2026

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.

Updated Submission Requirements

First: The following items are no longer required as part of your budget submission:

- Cover letter
- Schedule of outstanding debt and budgeted debt service

Second: We have a new worksheet that must be completed and included as part of your budget submission. 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](#).

IMPORTANT REQUIREMENTS TO REMEMBER

Statutory Filing Date

A **complete** budget submission must be filed with our office no later than 2 months from the beginning of the budget year to receive approval. Pursuant to state law, outside of an emergency, local governments may not issue debt without an approved budget from our office (Tenn. Code Ann. §§ 7-36-113; 7-82-501; 68-221-611, and 68-221-1306).

Conditional Approvals

If you receive a budget approval that is conditioned upon action by the governing body prior to our approval, you will have 45 days after our letter is issued to meet the condition. If the condition is not met, the budget will not be approved.

Timely Audits

Historical audited information is necessary for budget preparation. Your audit should be filed with the Comptroller's Division of Local Government Audit within 6 months after the end of the fiscal year. Without audited financial information, our office cannot adequately analyze and review the budget for approval.

Water, Sewer, and Gas Utility Systems

Pursuant to Tenn. Code Ann. § 7-82-707, you are required to complete an annual information report before the beginning of the utility system's 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 water, sewer, and gas 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.

Enclosures: Budget Submission Checklist
Contact Information

Budget Submission Checklist – Utility Systems

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 requests with your budget submission.

Coming
Soon

Be Sure to Include:

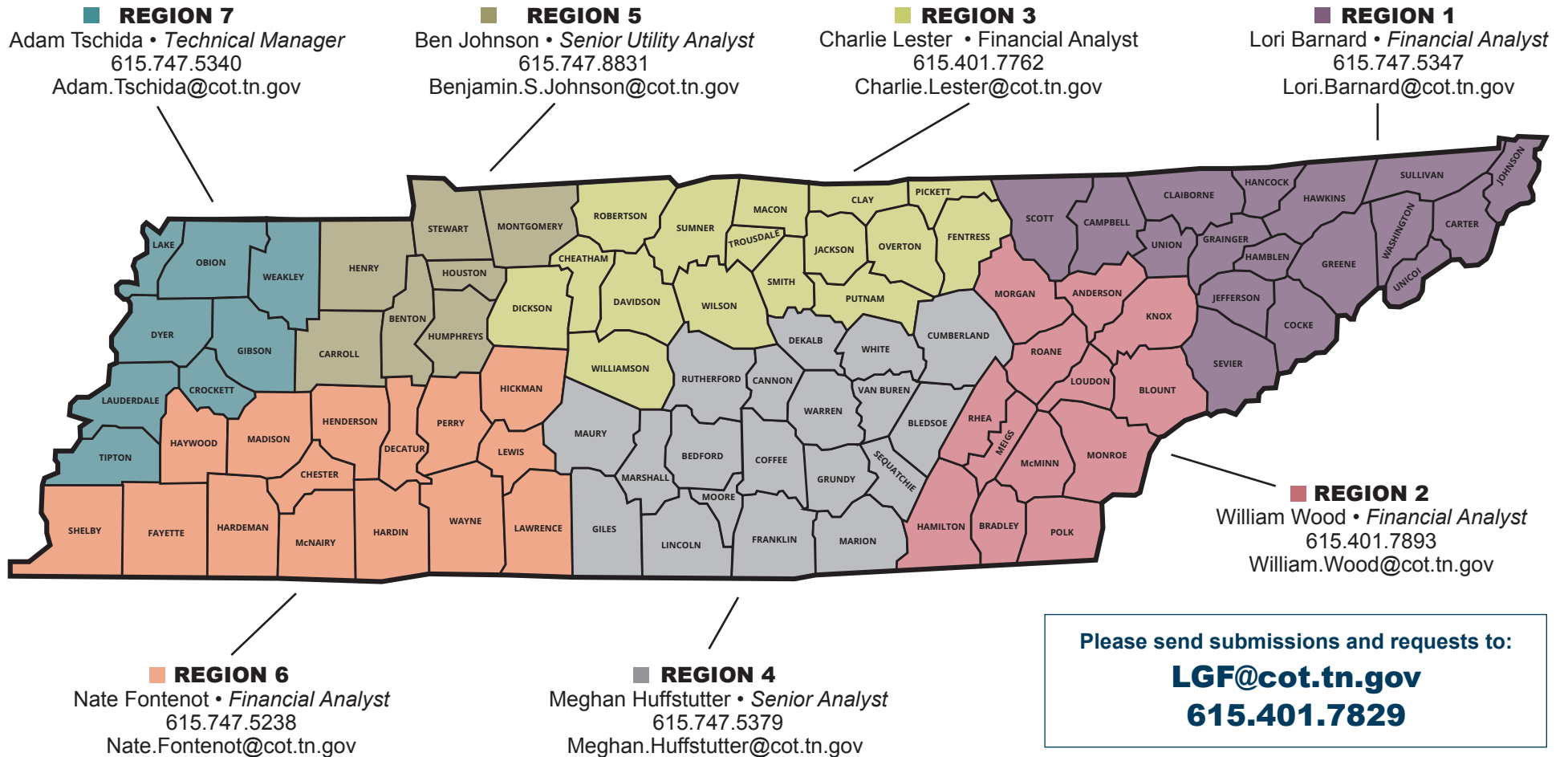
1.	Resolution adopting the budget. The governing body must take official action to adopt its annual budget. A resolution template may be found on our website . A resolution can be approved, signed, and submitted immediately to our office after the meeting at which the budget is adopted.
2.	Detailed budget document that identifies all anticipated revenues by source and all anticipated expenses by type of expense. a. The budget must include depreciation and be adopted on a basis consistent with generally accepted accounting principles. b. A budget template is available on our website .
3.	The Comptroller’s budget submission worksheet.
4.	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.

New



Division of Local Government Finance

CONTACT INFORMATION BY REGION



Effective July 2024