



# Municipal Technical Advisory Service

UT INSTITUTE FOR PUBLIC SERVICE



Municipal Technical Advisory Service  
INSTITUTE *for* PUBLIC SERVICE

# Budget Hot Topics

- Budget calendar
- Structurally balanced
- 3-column detailed budget
- Fund balance policy
- Amend before you spend
- Transfers in or out



# Budget Hot Topics

- Budget basis of accounting
- Budget ordinance
- Enterprise funds
- Submission within 15 calendar days



# Local Government Finance Letters

*Please select a fiscal year and then click the 'Search' button.*

Fiscal Year

-- Select --



Entity

-- Select --



Search

[Local Government Finance Letters](#)

# Budget Issues

Actual  
expenditures  
exceed budget

Revenue  
forecast

Depreciation  
Expense

Budget not  
approved

Cover letter

Budget  
summary  
schedules

# Budget Issues

Negative change  
in net position

Beginning cash  
and fund balance

Incomplete  
budget  
submission

Detailed budget  
not included

Budget ordinance  
does not meet  
TCA requirements

Outstanding debt  
not included in  
ordinance



# Budget Issues

Schedule of  
outstanding debt

Budget summary  
schedule

Late audit

Reasonable  
estimates

Timely budget  
submission

Amounts in  
ordinance balance to  
detailed budget and  
summary schedule

Local Government Finance Budget Information

Steps to a Well Managed Budget

Seven Keys to a Fiscally Managed Government





# Appraisal Ratio



- Reappraisal on real property every four-six years
- Tangible personal property and public utilities reappraised every year
- Sales ratio study for all counties at least once every two years

$$\frac{\text{Appraisal Value}}{\text{Sales Price}} = \text{Appraisal Ratio}$$

# Legislative Updates

- Meetings
- Money
- Operations
- Taxes

# Meetings

**Chapter No. 213 (HB0023/SB0027). Agendas Required. Amends Tennessee Code Annotated, Title 8, Chapter 44, Part 1, by adding that at least 48 hours prior to a meeting of the local legislative body (city, town or metropolitan government council, board of commissioners, or board of mayor and aldermen), the agenda for the upcoming meeting must be made available to the public, at no charge, in a place accessible to the public. Requires the agenda to reasonably describe the matters to be deliberated upon or acted on during the public meeting. Authorizes the local legislative body to deliberate or act upon matters not on the agenda if the body follows its bylaws or properly adopted rules or procedures and all other applicable state laws. Provides that this authorization is not to be used to circumvent the spirit or requirements of the open meetings act by withholding items from the agenda to avoid public disclosure of a matter to be considered by the body. Permits a local government legislative body to utilize a website it maintains to make an agenda available to the public for purposes of complying with the requirement that the agenda be made available to the public at no charge in a place accessible to the public.**



**Chapter No. 300 (HB0023/SB0027). Public comment period required. Amends Tennessee Code Annotated, Title 8, Chapter 44, Part 1, by requiring a governing body to reserve a period for public comment, at each public meeting,** where the public has the opportunity to comment on matters that are germane to the items on the agenda for the meeting. Provides that this section does not apply to: 22 1. A meeting of a governing body, or a portion thereof, where the governing body is conducting a disciplinary hearing for a member of the governing body or a person whose profession or activities fall within the jurisdiction of the governing body; or 2. A meeting where there are no actionable items on the agenda. Authorizes the governing body to adopt reasonable restrictions on the period for public comment, including restrictions related to the length of the public comment period, the number of individuals who can speak during the period, and the length of time each individual can speak. Includes that restrictions may also require an individual to sign up in advance of a meeting, in order to speak during the meeting. Requires the governing body to take all practicable steps to ensure that opposing viewpoints are represented fairly, if those with opposing viewpoints desire to comment. Requires the public notice for a meeting to include the manner in which an individual must sign up to speak at the meeting, when advance notice is required.

# Money



**Chapter No. 83 (HB0129/SB0146). Collateral on certain government deposits limited.** Amends T.C.A. § 9-1-107(a)(2) by removing the authorization for funds that exceed the insurance limits on the accounts, to be deposited or invested by municipalities into federal savings bank accounts, when the deposits or investments are secured by collateral that consists of a promissory note secured by a first mortgage or a first deed of trust upon residential real property in Tennessee.

•**Chapter No. 372 (HB0155/SB0457). Pay supplement authorized for certain EMS personnel.** Amends Tennessee Code Annotated, Title 68, Chapter 140, Part 3, by requiring that a licensed Tennessee ambulance service with full-time employed emergency medical services personnel who successfully complete in each year an in-service training course, appropriate to the emergency medical services personnel's rank and responsibility, of at least 40 hours duration at a training center receive from the board of emergency medical services a pay supplement of \$800 for each emergency medical services personnel who completes the in-service training course. Adds that this supplement is to be paid to the emergency medical services personnel in addition to the emergency medical services personnel's regular salary. Also includes that emergency medical services personnel who served, or serve, on active duty in the armed forces of the United States during a period of armed conflict prescribed by presidential proclamation or federal law must receive the cash salary supplement provided pursuant to this section, if such service prevented, or prevents, such emergency medical services personnel from attending the in-service training program pursuant to this section. Effective May 11, 2023, for purposes of promulgating rules and January 1, 2024, for all



# Operations

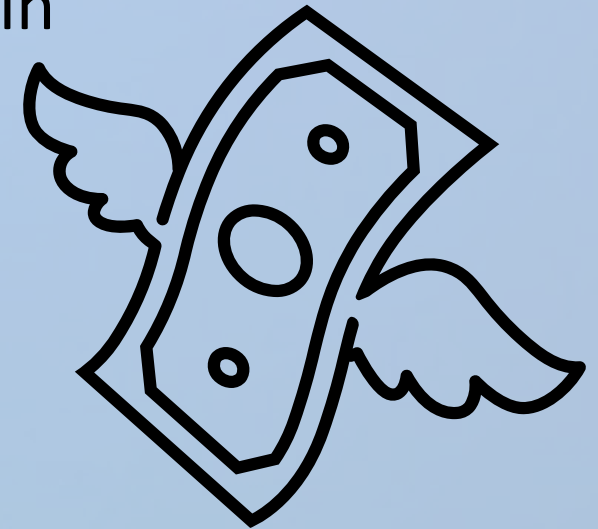
**Chapter No. 314 (HB0903/SB0779). Additional remedy added when cleaning dirty and overgrown lots.** Amends T.C.A. § 6-54-113(c) by adding that when the owner of property has received the required notice to clean up a dirty or overgrown lot and fails to do so and the lot is cleaned up by the municipality, the cost of cleaning the lot can be added onto the owner's real property tax bill. Includes that adding the amount onto the real property tax bill does not constitute a lien and the amount does not accrue penalties or interest for late payment. Effective April 28, 2023.

**Chapter No. 382 (HB0457/SB0773). Youth sports safety provisions amended.** Amends T.C.A. § 49-6-3601(b) by requiring that each year, a LEA that provides a school youth athletic activity, implement certain safety standards, to include encouraging all coaches, whether employed by the LEA or a volunteer, to annually complete training in physical conditioning and in the use of training equipment to the extent such training is readily available and implementing an emergency action plan that facilitates, organizes, and provides for the rehearsal of the actions of coaches and athletes in an emergency. Also amends T.C.A. § 49-6-3601(d) by adding that beginning with the 2023-2024 school year, a LEA that provides a school youth athletic activity in which youth 14 years of age or younger are eligible to participate must implement and ensure that certain safety standards are implemented by all individuals actively involved in organizing, training, or coaching the school youth athletic activity at the LEA. Also amends T.C.A. § 49-6-3601(d) by requiring municipalities and non-profit organizations that organize a community-based youth athletic activity to ensure that at least one individual who is actively involved in organizing, training, or coaching the community-based youth athletic activity has completed, and is in compliance with, the safety standards applicable to coaches and volunteers outlined in § 49-6-3601(b)(1)-(3) and (c), and that at least one individual who has completed, and is in compliance with, the safety standards applicable to coaches and volunteers outlined in § 49-6-3601(b)(1)-(3) and (c) is present at each practice and competition of a community-based youth athletic activity, if: 1. Youth 14 years of age or younger are eligible to participate in the community-based youth athletic activity; and 2. The community-based youth athletic activity is conducted on property that is owned, managed, or maintained by this state or a political subdivision of this state. Effective July 1, 2023.



# Taxes

**Chapter No. 202 (HB0954/SB0791). Use of funds received from the privilege tax assessed under the “Tennessee Sports Gaming Act” expanded.** Amends T.C.A. § 4-49-104(e)(2) by adding that municipalities can use the funds received from the state treasurer from the privilege tax collected under the “Tennessee Sports Gaming Act” for emergency services, in addition to local infrastructure projects.



**Chapter No. 377 (HB0323/SB0275). Food and grocery sales tax holiday adopted.** Amends T.C.A. § 67-6- 393(j) by adding that the retail sale of food and food ingredients is exempt from sales tax between 12:01 a.m. on August 1, 2023, and 11:59 p.m. on October 31, 2023. Also amends T.C.A. § 67-6-103 by adding that there must be allocated and distributed to municipalities an amount substantially equal to the amount that would have been allocated to the municipalities but for the temporary exemption from sales tax applicable to the retail sale of food and food ingredients between 12:01 a.m. on August 1, 2023, and 11 :59 p.m. on October 31, 2023. Includes that the allocation provided for in this provision must be based on the reporting of exempt sales of food and food ingredients during the exemption period and any other data or information the commissioner deems relevant. Also amends T.C.A. § 67-4-712(d)(2) by increasing the threshold upon which the municipal business tax applies to receipts of sales of \$100,000 or more. Effective May 11, 2023.

# Fund Balance Policies

[Home](#) / [Knowledgebase](#) / [General Fund: Fund Balance Policy](#)

[VIEW](#) [EDIT](#) [DELETE](#) [REVISIONS](#)

[MORE LIKE THIS](#)

## General Fund: Fund Balance Policy

Reviewed Date: 07/01/2021

### PUBLIC



Original Author: Cook, Gail  
Date of Material: 09/15/2010  
Type: General

Subjects(s):  
Accounting--Fund balance  
Budgets--Municipal  
Budgets--Preparation

### Summary:




The Fund Balance Policy is intended to provide guidelines during the preparation and execution of the annual budget to ensure that sufficient reserves are maintained for unanticipated expenditures or revenue shortfalls. The sample policy contains percentages and dollar thresholds for illustrative purposes thus each city should determine the levels of fund balance which best suit their government operations.

### General Fund Fund Balance Policy

The Fund Balance Policy is intended to provide guidelines during the preparation and execution of the annual budget to ensure that sufficient reserves are maintained for

# Purchasing Policies

## Main Document(s):

-  [MTAS Purchasing Guide 2023 Final.pdf](#)
-  [MTAS Sample Purchasing Procedures 2023 Final.pdf](#)
-  [MTAS Sample Purchasing Procedures 2023 Final.docx](#)

## Internal Document(s):

-  [MTAS Purchasing Guide 2023 Final.docx](#)
-  [MTAS Sample Purchasing Procedures 2023 Final.docx](#)



# Internal Controls

## Internal Control Tool Kit for Municipal Governments





Reviewed Date: 01/25/2022






### Summary:

This toolkit is intended to assist cities in getting started on or reassessing their existing internal control system.




### Main Document(s):

-  [City of Everywhere Internal Control Manual w org charts revised 10\\_2019.docx](#)
-  [Internal Control Resolution.docx](#)
-  [Policy and Procedure Development Template.docx](#)
-  [Tool Kit Memo With Questionnaires.pdf](#)

### Reference Document(s):

-  [Org charts II.xlsx](#)
-  [Org charts II Older Excel.xls](#)
-  [MTAS Internal Controls over State and Federal Grants Jan 2022.pdf](#)

### Internal Document(s):

-  [Org charts II Older Excel.xls](#)
-  [Org charts II.xlsx](#)
-  [MTAS Internal Controls over State and Federal Grants Jan 2022.docx](#)

# Model Municipal Debt Policy

Reviewed Date: 12/21/2021



## Summary:

The purpose of this debt policy is to establish a set of parameters by which debt obligations will be undertaken by the City. (NOTE: Bold language or similar statements are required by the State of TN Comptroller's Office. Italicized language is recommended along with other components in GFOA's Model Debt Policy.)

## Main Document(s):

 [MODEL DEBT POLICY FINAL\\_22.pdf](#)

## Reference Document(s):

 [minimum language.pdf](#)

 [Model Debt Policy Decisions.pdf](#)

## Internal Document(s):

 [Model Debt Policy Presentation.pptx](#)

 [MODEL DEBT POLICY FINAL\\_22.doc](#)

# Debt



Municipal Technical Advisory Service  
INSTITUTE *for* PUBLIC SERVICE

# Personnel

## Various Personnel Policies

Reference Number: MTAS-970

Reviewed Date: 08/29/2023



EMAIL



PDF



PRINT

There are a number of personnel policies that are either required by state, federal or local laws.

Click on the listings below for more information on select policies.

- [Automobile Insurance](#)
- [Child Support](#)
- [Convict Labor](#)
- [Hiring Illegal Aliens](#)
- [Jury Duty](#)
- [Offsetting Employee Wages](#)
- [Political Activities](#)
- [Professional Privilege Tax](#)
- [Smoking](#)
- [Tennessee Military Service and Guard-Reserve-Civil Air Patrol Leave Laws](#)

# Model Public Records Policy

Reviewed Date: 04/22/2021





## Summary:

Pursuant to the requirements of Public Chapter 722, Acts of 2016, the Tennessee Office of Open Records Counsel released the Model Public Records Policy with accompanying material.

## Main Document(s):

 [20170119MODELPUBLICRECORDSPOLICY.pdf](#)

## Reference Document(s):

-  [20170119PoliciesandGuidelines.pdf](#)
-  [20170119BestPractices.pdf](#)
-  [20161130PublicRecordsAct.pdf](#)
-  [20170119RecordsRequestForm.pdf](#)
-  [20170119RecordsResponseForm.pdf](#)
-  [20170119ScheduleofReasonableCharges.pdf](#)
-  [20170119FrequentandMultipleRequests.pdf](#)
-  [20170119SafeHarbor.pdf](#)
-  [20170119InformalAdvisoryOpinions.pdf](#)
-  [20161130OpenMeetingsAct.pdf](#)
-  [20170119Mediation.pdf](#)

# Public Records



Municipal Technical Advisory Service  
INSTITUTE *for* PUBLIC SERVICE

# Other policies you may want to consider:

- Cash
- Grants
- Safety
- Discipline
- Whatever- you can have a policy for it!

# Definitions

Lease - a **contract** that **conveys control of the right** to use another entity's nonfinancial asset (the **underlying asset**) as specified in the contract for a **period of time** in an **exchange or exchange-like transaction**.

P3 - arrangement in which a government (the transferor) **contracts** with an operator [governmental or nongovernmental] to provide public services by **conveying control of the right** to operate a nonfinancial asset, such as infrastructure or other capital asset (the **underlying PPP asset**), for a **period of time** in an **exchange or exchange-like transaction**.

SBITA - a **contract** that **conveys control of the right** to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the **underlying IT assets**) as specified in the contract for a **period of time** in an **exchange or exchange-like transaction**.

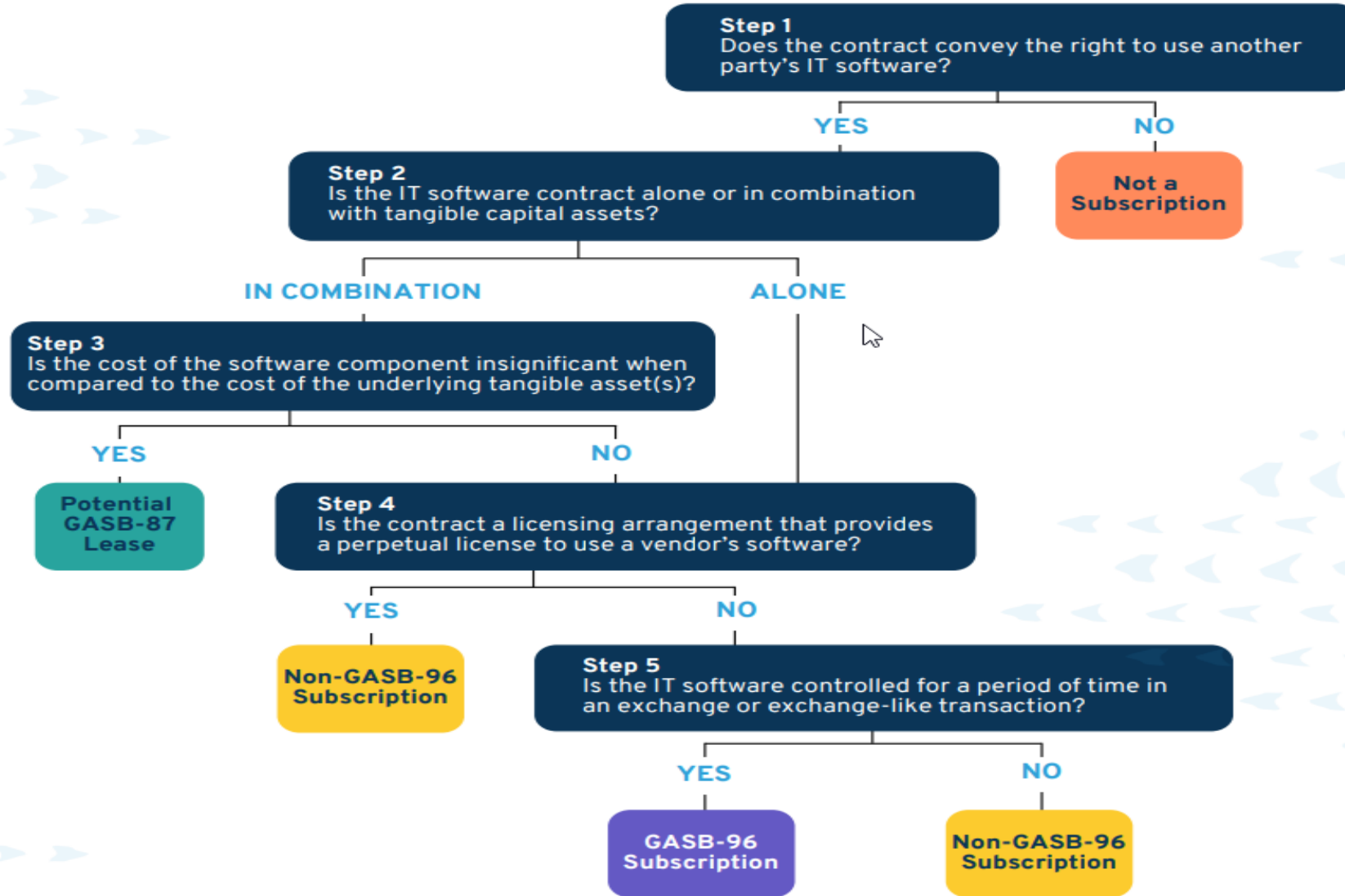


# Initial Reporting

	Assets	Liability	Deferred Inflow
<b>Lessee/ Operator/ SBITA</b>	Intangible lease asset (right to use underlying asset)—value of lease liability plus prepayments and initial direct costs that are ancillary to place asset in use	Present value of future lease payments (incl. fixed payments, variable payments based on index or rate, reasonably certain residual guarantees, etc.)	NA
<b>Lessor/ Transferor</b>	<ul style="list-style-type: none"><li>• Lease receivable (generally includes same items as lessee's liability)</li><li>• Continue to report the underlying asset</li></ul>	NA	Equal to lease receivable plus any payments received up front that relates to a future period

	Assets	Liability	Deferred Inflow
Lessee/ Operator/ SBITA	Amortize the intangible lease asset over shorter of useful life or lease term	Reduce by lease payments (less amount for interest expense)	NA
Lessor/ Transferor	<ul style="list-style-type: none"> <li>• Depreciate leased asset (unless indefinite life or required to be returned in its original or enhanced condition)</li> <li>• Reduce receivable by lease payments (less amount needed to cover accrued interest)</li> </ul>	NA	Recognize revenue over the lease term in a systematic and rational manner

# How to Determine if You Have a GASB-96 Subscription



## Finance Consultants

### East Tennessee

Brad Harris - [brad.harris@tennessee.edu](mailto:brad.harris@tennessee.edu)

Travis Bishop - [travis.bishop@tennessee.edu](mailto:travis.bishop@tennessee.edu)

### Middle Tennessee

Cassie Wheeler - [cassie.wheeler@tennessee.edu](mailto:cassie.wheeler@tennessee.edu)

Tonya Travis - [tonya.travis@tennessee.edu](mailto:tonya.travis@tennessee.edu)

### West Tennessee

Kay Stegall - [kay.stegall@tennessee.edu](mailto:kay.stegall@tennessee.edu)

Eric Spencer - [eric.spencer@tennessee.edu](mailto:eric.spencer@tennessee.edu)

## Municipal Finance Training Specialist

Kari Bates - [kari.bates@tennessee.edu](mailto:kari.bates@tennessee.edu)

