




Budget Requirements and Tips

**Office of State and Local Finance
Sandra Thompson, Director**

**TGFOA
Spring Institute 2015
March 20, 2015**


Budget Requirements and Tips

Sandra Thompson, Director
Office of State and Local Finance (OSLF)




Budget Requirements

- ◆ Adopt a balanced budget act in a timely manner
- ◆ Present the adopted budget act with required supporting documents to OSLF
- ◆ Monitor financial performance to maintain your government's finances on a balanced cash-basis through out the fiscal year
- ◆ Maintain sufficient cash to meet obligations



Budget Aids

- ◆ OSLF's Annual Budget Memo
 - Reminder to present budget for filing or approval
 - Schedules for checking compliance with the cash-basis balanced budget requirement and financial soundness of utility funds
- ◆ Schedule of Outstanding Debt aids a municipality in preparing the debt section of its budget ordinance



Checklist for Budgets Required to be Filed with OSLF

- ◆ Cover letter on the local government's letterhead. (Complete contact information should be included)
- ◆ Signed and certified original copy of the act(s) adopting the budget and tax levy.
- ◆ Budget summary schedule (Attachment B).
- ◆ Schedule of Outstanding Debt (Attachment C).



Checklist for Budgets Requiring Approval from OSLF

- ◆ Cover letter on the local government's letterhead. (Complete contact information should be included)
- ◆ Signed and certified original copy of the act(s) adopting the budget and tax levy.
- ◆ Detailed budgets for all funds including enterprise funds and school funds (if applicable). Please include estimated beginning fund balances and cash balances for each fund at July 1.
- ◆ Revenue forecasts for property and sales tax.



Checklist for Budgets Requiring Approval from OSLF

- ◆ Budget summary schedule (Attachment B).
- ◆ Schedule of Outstanding Debt (Attachment C).
- ◆ Schedule of Budgeted Debt Payments (Attachment D).
- ◆ Cash flow analysis for specified funds (Attachment E).
- ◆ Water and Wastewater Financing Board worksheet (Attachment F)



Budget Aids

- ◆ FAQs – COMPLIANCE CONSIDERATIONS IN MUNICIPAL BUDGETING
- ◆ FAQs – PROCEDURES FOR AMENDING MUNICIPAL BUDGETS
- ◆ FAQs – PROCEDURES FOR AMENDING COUNTY BUDGETS



Municipality





STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
OFFICE OF STATE AND LOCAL FINANCE
SUITE 1600 JAMES K. POLK STATE OFFICE BUILDING
505 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-1402
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ANNUAL BUDGET MEMO

To: Budget Contact
From: Sandra Thompson, Director of the Office of State and Local Finance
Date: March 20, 2015
Re: Fiscal Year 2016 Annual Budget Memo

Municipalities in Tennessee must adopt a budget ordinance by the beginning of each fiscal year, and file it with the Office of State and Local Finance ("OSLF"). Municipalities with debt outstanding issued pursuant to Title 9, Chapter 21 or loan agreements with a public building authority approved by OSLF issued pursuant to Title 12, Chapter 10 of the Tennessee Code Annotated must submit a budget to OSLF for approval, (T.C.A. §§ 9-21-403(c) and 12-10-109(c)). Please submit the budget with the required supporting documents to OSLF within 15 days of adoption.

It is the responsibility of the municipality and its officials to ensure compliance with specific program statutes or guidelines, and with any financing requirements prescribed by any state or federal agency as well as to meet any other financial compliance requirements established by federal, state, or local statutes or regulations. The municipality and its officials, by submission of their budget to OSLF, represent that their annual operating and capital budget as adopted is realistic and in compliance with all federal, state or local statutes for specific programs. **A municipality that submits a budget with misstated revenues, expenditures or beginning cash balances may be required to submit monthly reports to OSLF.** Budgets submitted with incomplete or missing information will not be considered as received by this Office.

A municipality should submit its adopted budget for approval by OSLF in a timely manner so that it may amend its tax levy or appropriations if necessary to balance their budgets.

The Budget and Property Tax Levy

State law requires municipalities to adopt the tax levy ordinance at the same time or after a budget ordinance is adopted. The property tax levy or an amended property tax levy must be adopted in sufficient time so that property tax notices can be sent prior to the first Monday in October (T.C.A. § 67-1-701).

Purpose for Budget Review

The purpose of our review is to determine that the budget is balanced on a cash basis, sufficient monies are appropriated to pay all annual debt service, and enterprise funds are financially sound (T.C.A. §§ 4-3-305 and 9-21-403). See Attachment A for the list of items required to be submitted.

Utility Budgets

A utility budget is reviewed to determine whether there are sufficient cash receipts to meet all cash costs of the system, including debt service (principal and interest payments). A municipality with a water or sewer fund is required to provide a projected cash flow analysis statement and complete the Water and Wastewater Financing Board (“WWFB”) Worksheet for each utility fund. We have provided a sample cash flow analysis statement and the WWFB Worksheet for your convenience (see Attachments E and F). The Division of Local Government Audit will refer a municipality to the WWFB if it reports two consecutive years of negative change in net position, defaults on its debt payments, or posts a negative net position for its water or sewer fund.

Tennessee Department of Education School Budget Reporting

The Tennessee Department of Education (the “TDE”) requires a municipality with a school system to submit a complete and certified copy of the entire school budget to them within 30 days of the beginning of fiscal year 2015 (T.C.A. § 49-3-316(a)(2)). If the school budget is not submitted by October 1, TDE may withhold state funds (T.C.A. § 49-3-316(d)(3)). Please contact TDE for more information.

Closing Notes

A municipality that submits a complete budget that meets the statutory requirements for approval will receive an approval letter from OSLF.

Prior to submitting the budget information package to OSLF, the municipality should confirm that the information in the detailed budget matches the ordinance adopted by the legislative body and that the package contains physical copies of all documents along with all relevant attachments with a *signed and certified* original copy of the budget and tax levy ordinance.

Submit debt approval or report requests separately from the budget submission to avoid delay in the review of the debt request.

Please send the complete budget submission package to Sandra Thompson, Director of the Office of State and Local Finance at the address on this letterhead.

If you need any assistance, you may contact the Municipal Technical Advisory Service (MTAS), the State Department of Education-Section of Local Finance, or any member of our staff:

Office of State and Local Finance staff members:

Sandi Thompson, Director
Email: sandi.thompson@cot.tn.gov
Phone: 615-747-5369

Lori Barnard, Financial Analyst
Email: lori.barnard@cot.tn.gov
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Ron Queen, Manager
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Enclosures: Attachment A – Checklists for Budgets
Attachment B – Budget Summary
Attachment C – Schedule of Outstanding Debt
Attachment D – Schedule of Debt Payments
Attachment E – Cash Flow Statement
Attachment F – WWFB Worksheet
Tax and Revenue Anticipation Notes Memorandum
FAQs – Compliance Considerations for Municipal Budgets

ATTACHMENT A

Checklist for Budgets Requiring Approval from OSLF

1. Cover letter on the municipality's letterhead. (Complete contact information should be included.)
2. Signed and certified original copy of budget ordinance and tax levy ordinance, if separate.
3. Detailed budgets for all funds including enterprise funds and school funds (if applicable). Please include estimated beginning fund balances and cash balances for each fund at July 1.
4. Revenue forecasts for property and sales tax.
5. Budget summary schedule (Attachment B).
6. Schedule of Outstanding Debt (Attachment C).
7. Schedule of Budgeted Debt Payments (Attachment D).
8. Cash flow analysis for each enterprise fund, the general fund, and the general purpose school fund (Attachment E). [Include a cash flow analysis for any fund that has less than one month's average expenditures except capital projects funds.]
9. Water and Wastewater Financing Board worksheet (Attachment F).

Checklist for Budgets Required to be Filed with OSLF

1. Cover letter on the municipality's letterhead. (Complete contact information should be included.)
2. Signed and certified original copy of budget ordinance and tax levy ordinance, if separate.
3. Budget summary schedule (Attachment B).
4. Schedule of Outstanding Debt (Attachment C).

An Excel spreadsheet including Attachments B through F is available on request from OSLF staff.

Budget Summary:

This schedule shows the government's projected cash receipts and appropriations with beginning and ending fund and cash balances. See Note below for reference when calculating beginning cash and fund balances.

Statement of Outstanding Debt :

This schedule shows the government's current year debt (notes, loan agreements, bonds, and capital leases). Information (outstanding as of the upcoming fiscal year) from lenders' payment schedules and is the same information necessary to complete the section of the budget ordinance that identifies outstanding debt and required debt service payments for the upcoming fiscal year.

Schedule of Budgeted Debt Payments:

This schedule lists all principal and interest payments to be appropriated by fund and department.

Forecasted Cash Flow Statement:

This schedule projects monthly cash flows for the general fund, general purpose school fund, enterprise funds and any fund (except capital projects funds) that has a budgeted ending cash balance of less than one month's average expenditures. Identifies cash flow needs for any funds that may have a mismatch between cash inflows and outflows.

Water and Wastewater Financing Board Worksheet :

Demonstrates the local governments' compliance with the financial stability requirements of the WWFB and the SRF Loan covenants.

NOTE:

Beginning Cash Calculation

Estimated Cash June 30, 2015	\$	
Less: Accounts Payable		
Less: Encumbrances		
Estimated Available Cash July 1, 2015	\$	_____

Estimated Fund Balance

Beginning Fund Balance July 1, 2014	\$	
Plus: Estimated Revenues FY 2015		
Less: Estimated Appropriations FY 2015		
Estimated Ending Fund Balance June 30, 2015	\$	_____

Budget Ordinance

Fund	Estimated Beginning Cash 07/01/2015	Est. Cash Receipts	Debt Proceeds	Transfers-In	Estimated Cash Receipts	Available Funds	Expenditures	Transfer-Out	Appropriations	Receipts - Appropriations	Estimated Ending Cash Balance 06/30/2016	Do Total Appropriations Agree with Detail Budget?	Is Est. Ending Cash Bal. Less Than 1 Month's Avg. Exp. Or 8.33%
General Fund	\$ 56,000	\$ 531,950	\$ 83,000	\$ -	\$ 616,950	\$ 1,191,950	\$ 613,725	\$ -	\$ 613,725	\$ 3,225	\$ 578,225	Yes	94%
State Street Aid Fund	75,000	56,000	-	-	131,000	25,000	25,000	-	25,000	31,000	106,000	Yes	42.4%
Solid Collection Waste Fund	58,000	204,620	-	-	262,620	192,400	192,400	-	192,400	12,220	70,220	Yes	36%
Drug Fund	20,000	12,000	-	-	32,000	25,000	25,000	-	25,000	(13,000)	7,000	Yes	28%
General Purpose School Fund	1,885,326	15,725,000	-	20,000	15,743,000	15,950,000	15,950,000	-	15,950,000	(187,000)	1,678,326	Yes	11%
School Cafeteria Fund	375,000	1,752,500	-	-	2,127,500	1,752,000	1,752,000	-	1,752,000	500	375,500	Yes	21%
School Federal Projects Fund	300,000	3,015,000	-	-	3,315,000	2,995,000	2,995,000	20,000	3,015,000	-	300,000	Yes	10%
Electric Fund	2,150,069	2,000,000	-	-	4,150,069	1,895,000	1,895,000	-	1,895,000	105,000	2,255,069	Yes	11.9%
Water & Sewer Fund	163,000	1,155,000	-	-	1,318,000	1,053,500	1,053,500	-	1,053,500	101,500	264,500	Yes	2.9%
Totals	\$ 5,601,395	\$ 24,450,070	\$ 83,000	\$ 20,000	\$ 24,553,070	\$ 30,156,465	\$ 24,501,625	\$ 20,000	\$ 24,521,625	\$ 53,445	\$ 5,634,840		

Detailed Budget

Fund	Beginning Fund Balance 07/01/2015	Estimated Beginning Cash 07/01/2015	Est. Cash Receipts	Debt Proceeds	Transfers-In	Estimated Cash Receipts	Available Funds	Expenditures	Transfer-Out	Appropriations	Receipts - Appropriations	Estimated Ending Cash Balance 06/30/2016	Estimated Ending Cash Balance	Estimated Ending Fund Balance 06/30/2016
General Fund	808,376	575,000	531,950	83,000	-	616,950	1,191,950	613,725	-	613,725	3,225	578,225	578,225	811,601
State Street Aid Fund	75,000	75,000	56,000	-	-	56,000	131,000	25,000	-	25,000	31,000	106,000	106,000	106,000
Solid Waste Collection Fund	192,400	58,000	204,620	-	-	204,620	262,620	192,400	-	192,400	12,220	70,220	70,220	204,620
Drug Fund	30,000	20,000	12,000	-	-	12,000	32,000	25,000	-	25,000	(13,000)	7,000	7,000	7,000
General Purpose School Fund	2,041,621	1,885,326	15,723,000	-	20,000	15,743,000	17,628,326	15,950,000	-	15,950,000	(187,000)	1,678,326	1,678,326	1,834,621
School Cafeteria Fund	375,000	375,000	3,015,000	-	-	3,015,000	2,127,500	1,752,000	-	1,752,000	500	375,500	375,500	375,500
School Federal Projects Fund	300,000	300,000	2,000,000	-	-	2,000,000	3,315,000	2,995,000	20,000	3,015,000	-	300,000	300,000	300,000
Electric Fund	17,500,000	2,150,069	2,000,000	-	-	2,000,000	4,150,069	1,895,000	-	1,895,000	105,000	105,000	2,255,069	17,605,000
Water & Sewer Fund	6,500,000	163,000	1,155,000	-	-	1,155,000	1,318,000	1,053,500	-	1,053,500	101,500	264,500	264,500	6,601,500
Totals	\$ 27,812,397	\$ 5,601,395	\$ 24,450,070	\$ 83,000	\$ 20,000	\$ 24,553,070	\$ 30,156,465	\$ 24,501,625	\$ 20,000	\$ 24,521,625	\$ 53,445	\$ 5,634,840	\$ 5,634,840	\$ 27,845,842

Please Note: Check that the organizational units that are the appropriations within each fund in the budget ordinance agree with the organizational units within the detailed budget.

Debt Service

Fund	Principal	Interest	Debt Service	Fund: Electric Fund	Principal	Interest	Debt Service
Schedule of Outstanding Debt	\$ 182,500	\$ 39,250	\$ 221,750	Schedule of Outstanding Debt	\$ 60,000	\$ 40,500	\$ 100,500
Less: Budgeted Debt Payments	182,500	39,250	221,750	Less: Budgeted Debt Payments	60,000	40,500	100,500
Difference:	-	-	-	Difference:	-	-	-
Fund: General Purpose School Fund	170,000	94,000	264,000	Fund: Schedule of Outstanding Debt	-	-	-
Schedule of Outstanding Debt	170,000	94,000	264,000	Less: Budgeted Debt Payments	-	-	-
Less: Budgeted Debt Payments	170,000	94,000	264,000	Difference:	-	-	-
Difference:	-	-	-				
Fund: Water & Sewer Fund	200,000	120,000	320,000				
Schedule of Outstanding Debt	200,000	120,000	320,000				
Less: Budgeted Debt Payments	200,000	120,000	320,000				
Difference:	-	-	-				

ATTACHMENT C
Name of Municipality
Schedule of Outstanding Debt (Amounts below are for example only)
Fiscal Year 2016

FY 2016 Debt Service Payments

	Loan Name	Authorized and Unissued	Outstanding at 06/30/15	Payment Fund	Principal	Interest	Service Debt	Total	
								Debt	Service
Notes	Land Purchase Notes Series 2010	\$ -	\$ 100,000	General Fund	\$ 10,000	\$ 5,000	\$ 15,000		
	Fire Truck Notes Series 2008	-	50,000	General Fund	10,000	2,000	12,000		
	Road Improvement Notes Series 2011	-	50,000	General Fund	10,000	2,000	12,000		
	School Improvement Notes Series 2012	-	100,000	General Purpose School Fund	20,000	4,000	24,000		
	TOTAL NOTES:	\$ -	\$ 2,090,000		\$ 50,000	\$ 13,000	\$ 63,000		
Loan Agreements	School Construction Loan Agreement TN Loans Series 2013	\$ -	\$ 2,250,000	General Purpose School Fund	\$ 150,000	\$ 90,000	\$ 240,000		
	TOTAL LOAN AGREEMENTS:	\$ -	\$ 2,250,000		\$ 500,000	\$ 90,000	\$ 240,000		
GO Bonds	GO Refunding Bonds Series 2002	\$ -	\$ 750,000	General Fund	\$ 150,000	\$ 30,000	\$ 180,000		
	TOTAL GO BONDS:	\$ -	\$ 750,000		\$ 150,000	\$ 30,000	\$ 180,000		
Tax and Revenue Bonds	Sewer Tax and Revenue Bonds Series 2010	\$ -	\$ 3,000,000	Water & Sewer	\$ 200,000	\$ 120,000	\$ 320,000		
	TOTAL TAX AND REVENUE BONDS:	\$ -	\$ 3,000,000		\$ 200,000	\$ 120,000	\$ 320,000		
Revenue Bonds	Electric System Revenue Bonds, Series 2015	\$ 2,000,000	\$ 1,000,000	Electric Fund	\$ 50,000	\$ 40,000	\$ 90,000		
	TOTAL REVENUE BONDS:	\$ 2,000,000	\$ 1,000,000		\$ 50,000	\$ 40,000	\$ 90,000		
Capital Leases	Primary Government School	\$ -	\$ 2,500	General Fund	\$ 2,500	\$ 250	\$ 2,750		
	Enterprise Funds (Electric)	-	10,000	Electric Fund	\$ 10,000	\$ 500	\$ 10,500		
	TOTAL CAPITAL LEASES:	\$ -	\$ 12,500		\$ 12,500	\$ 750	\$ 13,250		
Debt Service By Fund				Debt Service By Organization					
		Principal	Interest	Service Debt	Principal	Interest	Service Debt	Total Debt	Total Service
	General Fund	\$ 182,500	\$ 39,250	\$ 221,750	Debt Management	\$ 160,000	\$ 35,000	\$ 195,000	
	General Purpose School Fund	170,000	94,000	264,000	Fire Department	10,000	2,000	12,000	
	Water & Sewer Fund	200,000	120,000	320,000	Public Works Department	12,500	2,250	14,750	
	Electric System Fund	60,000	40,500	100,500	School Department	170,000	94,000	264,000	
	Total	\$ 612,500	\$ 293,750	\$ 906,250	Water & Sewer Department	200,000	120,000	320,000	
					Electric Department	60,000	40,500	100,500	
					Total	\$ 612,500	\$ 293,750	\$ 906,250	

ATTACHMENT D
Name of Municipality
Schedule of Budgeted Debt Payments
FY 2016

Fund	Principal	Interest
General Fund		
Fire Department		
Note Principal	10,000	
Note Interest		2,000
Subtotal	10,000	2,000
Public Works Department		
Note Principal	10,000	
Note Interest		2,000
Capital Lease Principal	2,500	
Capital Lease Interest		250
Subtotal	12,500	2,250
Debt Management		
Note Principal	10,000	
Note Interest		5,000
Series 2002 Refunding Bonds Principal	150,000	
Series 2002 Refunding Bonds Interest		30,000
Subtotal	160,000	35,000
General Fund Total	182,500	39,250
General Purpose School Fund		
School Department		
Note Principal	20,000	
Note Interest		4,000
Loan Agreement TN Loans 2010 Principal	150,000	
Loan Agreement TN Loans 2010 Interest		90,000
Gen Purpose School Fund Total	170,000	94,000
Water & Sewer Fund		
Water & Sewer Department		
Tax and Revenue Bonds 2010 Principal	200,000	
Tax and Revenue Bonds 2010 Interest		120,000
Water & Sewer Fund Total	200,000	120,000
Electric Fund		
Electric Department		
Revenue Bonds 2010 Principal	50,000	
Refund Bonds 2008 Interest		40,000
Capital Lease Principal	10,000	
Capital Lease Interest		500
Electric Fund Total	60,000	40,500

Attachment E
Cash Flow Statement
FY 2016

Water and Sewer-Fund	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	June	Total
Cash Receipts	\$ 217,491	\$ 184,030	\$ 167,300	\$ 133,840	\$ 117,110	\$ 83,650	\$ 83,650	\$ 83,650	\$ 117,110	\$ 133,840	\$ 150,570	\$ 200,760	\$ 1,673,004
Loan Proceeds													
Total Cash Inflows	217,491	184,030	167,300	133,840	117,110	83,650	83,650	83,650	117,110	133,840	150,570	200,760	1,673,004
Beg Cash Bal	750,000	758,876	789,922	787,923	742,938	766,602	764,714	762,826	760,577	770,333	806,820	807,222	750,000
Available Cash	967,491	942,906	957,223	921,763	860,048	850,253	848,365	846,477	877,687	904,174	957,391	1,007,982	2,423,004
Cash Payments	208,615	152,984	169,300	153,825	93,446	85,538	85,538	85,900	107,353	97,353	125,169	166,892	1,531,913
Debt Service													
Transfers Out (PILLOT, etc)				25,000									50,000
Total Cash Outflows	208,615	152,984	169,300	178,825	93,446	85,538	85,538	85,900	107,353	97,353	150,169	216,892	1,631,913
End Bal	758,876	789,922	787,923	742,938	766,602	764,714	762,826	760,577	770,333	806,820	807,222	791,091	791,091
Cash Inflows - Outflows	\$ 8,876	\$ 31,046	\$ (2,000)	\$ (44,985)	\$ 23,664	\$ (1,888)	\$ (1,888)	\$ (2,250)	\$ 9,757	\$ 36,487	\$ 402	\$ (16,131)	\$ 41,091

Natural Gas Fund	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	June	Total
Cash Receipts	\$ 58,491	\$ 38,994	\$ 58,491	\$ 155,976	\$ 194,970	\$ 311,952	\$ 350,947	\$ 389,941	\$ 136,479	\$ 116,982	\$ 77,988	\$ 58,491	\$ 1,949,703
Loan Proceeds													
Total Cash Inflows	58,491	38,994	58,491	155,976	194,970	311,952	350,947	389,941	136,479	116,982	77,988	58,491	1,949,703
Beg Cash Bal	2,781,254	2,780,113	2,765,857	2,764,448	2,759,163	2,800,883	2,904,221	3,039,809	3,204,450	3,228,361	3,247,990	3,160,809	2,781,254
Available Cash	2,839,745	2,819,107	2,824,348	2,920,424	2,954,134	3,112,835	3,255,167	3,429,750	3,340,929	3,345,343	3,325,978	3,219,300	4,730,957
Cash Payments	59,632	53,250	59,900	121,261	153,251	208,615	215,358	225,300	112,568	97,353	125,169	52,300	1,483,957
Debt Service													
Transfers Out (PILLOT, etc)				40,000									80,000
Total Cash Outflows	59,632	53,250	59,900	161,261	153,251	208,615	215,358	225,300	112,568	97,353	165,169	52,300	1,563,957
End Bal	2,780,113	2,765,857	2,764,448	2,759,163	2,800,883	2,904,221	3,039,809	3,204,450	3,228,361	3,247,990	3,160,809	3,167,000	3,167,000
Cash Inflows - Outflows	\$ (1,141)	\$ (14,256)	\$ (1,409)	\$ (5,285)	\$ 41,719	\$ 103,338	\$ 135,589	\$ 164,641	\$ 23,911	\$ 19,629	\$ (87,181)	\$ 6,191	\$ 385,746

Electric Fund	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	June	Total
Cash Receipts	\$ 259,237	\$ 353,505	\$ 164,969	\$ 117,835	\$ 212,103	\$ 212,103	\$ 235,670	\$ 259,237	\$ 117,835	\$ 94,268	\$ 94,268	\$ 235,670	\$ 2,356,700
Loan Proceeds													
Total Cash Inflows	259,237	353,505	164,969	117,835	212,103	212,103	235,670	259,237	117,835	94,268	94,268	235,670	2,356,700
Beg Cash Bal	2,150,069	2,215,782	2,353,963	2,343,682	2,300,256	2,339,108	2,362,586	2,382,908	2,416,845	2,422,112	2,419,027	2,348,126	2,150,069
Available Cash	2,409,306	2,569,287	2,518,932	2,461,517	2,512,359	2,571,211	2,598,266	2,642,145	2,534,680	2,516,380	2,513,295	2,583,796	4,506,769
Cash Payments	193,524	215,324	175,250	121,261	153,251	208,615	215,358	225,300	112,568	97,353	125,169	201,350	2,044,323
Debt Service													
Transfers Out (PILLOT, etc)				40,000									80,000
Total Cash Outflows	193,524	215,324	175,250	161,261	153,251	208,615	215,358	225,300	112,568	97,353	165,169	201,350	2,124,323
End Bal	2,215,782	2,353,963	2,343,682	2,300,256	2,359,108	2,362,586	2,382,908	2,416,845	2,422,112	2,419,027	2,348,126	2,382,446	2,382,446
Cash Inflows - Outflows	\$ 65,713	\$ 138,181	\$ (10,281)	\$ (43,426)	\$ 58,852	\$ 3,488	\$ 20,312	\$ 33,937	\$ 5,267	\$ (3,085)	\$ (70,901)	\$ 34,320	\$ 232,377

Attachment F

FY 2016

City Name: _____

Water and Wastewater Financing Board Work Sheet
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Circle Yes or No

1. Has the municipality defaulted on any loan payments?
If yes, please detail on a separate sheet of paper.

Yes No

2. Has the municipality violated any loan covenants?
If yes, please detail on a separate sheet of paper.

Yes No

3. Change in Net Position

	Actual FY 2014	Estimated FY 2015	Projected FY2016
Operating Revenues	\$ 1,000,000	\$ 1,100,000	\$ 1,150,000
Operating Expenses excluding Depreciation	750,000	800,000	825,000
Operating Income Before Depreciation	\$ 250,000	\$ 300,000	\$ 325,000
Less: Depreciation	100,000	110,000	115,000
Operating Income	\$ 150,000	\$ 190,000	\$ 210,000
Nonoperating Income	2,500	3,500	5,000
Nonoperating (Expense)	(11,000)	(9,900)	(12,000)
Income before Contributions	\$ 141,500	\$ 183,600	\$ 203,000
Contributions	100,000	-	200,000
Change in Net Position	\$ 241,500	\$ 183,600	\$ 403,000
Beginning Net Position	2,150,000	2,391,500	2,575,100
Ending Net Position	\$ 2,391,500	\$ 2,575,100	\$ 2,978,100

A utility with a negative change in net position for two consecutive years will fall under the authority of the WWFB.

Does the FY 2016 budget produce a negative change in Net Position? Yes No

Do you project a negative change in Net Position for FY 2015? Yes No

Was there a negative change in Net Position in FY 2014? Yes No

Is Net Position negative? Yes No

4. SRF Loan Sufficient Revenue Analysis (to be completed by municipalities with outstanding SRF loans)

	Actual FY 2014	Estimated FY 2015	Projected FY2016
Operating Revenues	\$ 1,000,000	\$ 1,100,000	\$ 1,150,000
Nonoperating Income	2,500	3,500	5,000
Revenues	\$ 1,002,500	\$ 1,103,500	\$ 1,155,000
Less: Operating Expenses inc. Depreciation	850,000	910,000	940,000
Income before Nonoperating Expenses	\$ 152,500	\$ 193,500	\$ 215,000
Less: Annual Debt Service	100,000	110,000	125,000
This should be greater than or equal \$0.	\$ 52,500	\$ 83,500	\$ 90,000



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
OFFICE OF STATE AND LOCAL FINANCE
SUITE 1600 JAMES K. POLK STATE OFFICE BUILDING
505 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7872
FAX (615) 741-5986**

TRAN MEMO

To: Chief Financial Officer
From: Sandra Thompson, Director,
Date: March 20, 2015
Re: **TAX AND REVENUE ANTICIPATION NOTES**

Tax and Revenue Anticipation Notes (TRANs) are a form of debt used to provide cash to pay for operating expenses of the current fiscal year until revenues are received. TRANs must repaid by June 30 of the fiscal year in which the borrowing was executed. The lender of TRANs may be a bank, a security sold in the capital markets, a private placement, or an interfund loan.

Municipalities seeking approval to issue TRANs should submit:

- a letter requesting approval, signed by the Chief Executive Officer;
- an adopted signed and certified tax anticipation note resolution with the note form;
- a monthly cash flow forecast for fiscal year 2016 for each fund requesting TRANs; and
- an adopted fiscal year 2016 budget with the required supporting schedules for budget approval or the ordinance authorizing a continuation budget and a statement from its Chief Executive Officer certifying the municipality met the cash-basis balanced budget requirement during fiscal year 2015.

If the Municipality wants the TRAN to be an interfund loan, a cash flow analysis for the lending fund is needed to demonstrate that the lending fund has sufficient cash to make the loan without creating a cash deficit for itself.

Please contact OSLF to obtain an Excel template for cash flow analysis and a model TRAN resolution and form in Word format.

Office of State and Local Finance staff members:

Sandi Thompson, Director
Email: sandi.thompson@cot.tn.gov
Phone: 615-747-5369

Lori Barnard, Financial Analyst
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Ron Queen, Manager
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Steve Osborne, Senior Financial Analyst
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The maximum amount OSLF can approve is equal to the largest monthly fund cash deficit plus 5% of total annual cash payments from the fund. If there is no monthly fund cash deficit the greatest amount that can be approved is an amount equal to 5% of total annual cash payments less the lowest monthly fund cash balance.



FAQS – COMPLIANCE CONSIDERATIONS IN MUNICIPAL BUDGETING

GENERAL

1. Must a municipality adopt a budget to appropriate monies before spending them?

All municipalities must appropriate monies before they may be spent. All municipalities must adopt an annual budget ordinance to appropriate monies. Any increases or new spending after the adoption of the original operating and capital budget ordinance must be by amending that ordinance with a budget amendment ordinance.

Tennessee Constitution Art. 2 § 24, T.C.A. § 9-1-116, Municipal Budget Law of 1982 (T.C.A. §§ 6-56-203 & 6-56-208), General Law City Manager-Commission Charter (T.C.A. § 6-22-124), and General Law Modified City Manager-Council Charter (T.C.A. § 6-35-308)

2. Are budgets on the accrual, modified accrual, or cash basis of accounting?

By State statutes municipal budgets are on a cash-basis.

Tennessee Constitution Art. 2 § 24, T.C.A. § 9-1-116, T.C.A. § 9-21-403, Municipal Budget Law of 1982 (T.C.A. §§ 6-56-203 & 6-56-208), General Law City Manager-Commission Charter (T.C.A. § 6-22-124), and General Law Modified City Manager-Council Charter (T.C.A. § 6-35-308)

3. What is the classification level for municipal appropriations?

Appropriations within a fund are made at the organizational unit level (department, office, agency, etc.) by all municipalities except for the Modified City Manager-Council General Law Charter. Some examples are police department, fire department, public works department, debt management, department of administration, and office of the mayor.

Municipal Budget Law of 1982 (T.C.A. § 6-56-203(1)) and the General Law City Manager-Commission Charter (T.C.A. § 6-22-122)

4. Do transfers between funds need to be appropriated?

All monies transferred between funds must be appropriated either in the original budget ordinance or by a budget amendment ordinance. (See references for item 1)

5. Do transfers between appropriations in a fund need to be by ordinance?

Yes, all municipalities, except that those municipalities budgeting pursuant to the Municipal Budget Law of 1982 may authorize the budget officer to transfer moneys from one appropriation to another within the same fund, subject to such limitations and procedures as it may prescribe. Transfers between appropriations in a fund must be reported to the governing body at its next regular meeting and be entered in the minutes.

T.C.A § 6-56-209

6. Can expenditures that have been appropriated be made if there are no monies to support them?

No, expenditures cannot be made unless monies are available to support them.

Tennessee Constitution Art. 2 § 24, T.C.A. § 9-1-116, and § 9-21-403(c)

7. Is the requirement for a balanced budget only for the original legal budget?

No, budgets must be monitored and amended throughout the fiscal year to ensure they remain balanced on a cash basis.

Tennessee Constitution Art. 2 § 24, T.C.A. § 9-1-116

8. Must the municipality file its budget with the Comptroller's Office of State and Local Finance?

Yes, all municipalities must file their annual budgets with the Office of State and Local Finance.

T.C.A. § 4-3-305

BUDGETARY REVENUES

Property Tax Levy

1. When are property taxes due and payable?

Property taxes are due and collectible on the second Monday in October.

T.C.A. § 67-1-701



2. When must a municipality adopt its tax ordinance?

- **Municipal Budget Law of 1982**

Municipalities must adopt their tax levy by ordinance at the same time or after the adoption of the annual operating and capital budget ordinance.

T.C.A. § 6-53-207

- **City Manager-Commissioner General Law Charter**

A tax levy ordinance is adopted at time the finance director submits a certified statement of the total amount of the assessment of the taxable property for the year within the city limits, and a certified statement of the revenue derived by the city from other sources.

T.C.A. § 6-22-107

3. Can a municipality amend its tax levy ordinance?

Yes, the property tax levy ordinance can be amended if the amendment ordinance can be adopted before the taxes become due on the first Monday in October.

T.C.A. § 67-1-702(a), Office of the Attorney General Opinion 04-149

Restricted Revenues

4. What are restricted revenues?

Restricted revenues can only be spent on the specific purposes authorized by law or third party agreement. Some examples would be grant revenues, gasoline and motor fuel taxes, solid waste collections fees, and drug fines and forfeitures.

5. Can restricted revenues be transferred from one fund to another for purposes not specifically authorized by law or third party agreement?

No, monies cannot be transferred from one fund to another if they are from restricted revenues. Restricted revenues that are improperly transferred must be repaid

Transfers/Contributions

What is a transfer?

A transfer is not a loan. It represents an expenditure or expense for budgetary purposes.



A transfer or contribution is a budgetary action where money is appropriated as a transfer or contribution from one fund to another fund where the money becomes revenue.

SPECIFIC GENERAL LAW REQUIREMENTS

What budget requirements are specific to City Manager-Commissioner General Law Charter municipalities?

The appropriation ordinance must be adopted before July 1 of the fiscal year.

T.C.A. § 6-22-124(b)

There is no statutory authority for City Manager-Commissioner General Law Charter to adopt or operate under a continuation budget.

Budget amendments for increased appropriation may only be made after the city manager certifies in writing to the commissioners that sufficient unappropriated revenue is available.

T.C.A. § 6-22-124(c)

MUNICIPAL UTILITIES

Revenues

1. What are the requirements concerning municipal utility revenues and operations?

All municipal utility systems must be operated on sound business principles as self-sufficient entities.

- User charges, rates, and fees must be sufficient to meet the actual cost of providing the services rendered by a utility system.
- Actual costs of providing services include:
 - Payment of all operating expenses which include depreciation
 - Principal and interest on debt
 - Acquisition and improvement of the utility system
 - Other obligations incurred the operation and maintenance of the system and furnishing of services
 - Contingencies
 - Extinguishment of debt
 - Creation and maintenance of a cash working fund
 - Payment-in-Lieu of Taxes
 - Pension costs
- Any surplus after the establishment of proper reserves must be used to reduce rates.

- The various departments of a municipality must be charged the same rate as other customers for the use of a system's services.
- Please note that no public works can operate for gain or profit or as a source of revenue to a governmental entity, but shall operate for the use and benefit of the consumers served by such public works and for the improvement of the health and safety of the inhabitants of the area served.

Reference: TCA §§ 7-34-108, 114, & 115

2. Does the Sufficient Rate Requirement of TCA §§ 7-34-114, & 115 require a utility's budget to be performed on a modified cash basis?

Yes, because a utility's rate is supposed to be sufficient to cover total costs of the utility which include depreciation, a non-cash cost.

3. Can the general fund or another fund's monies be used to subsidize the operations of a municipal utility?

No, statutory changes in the Municipal Revenue Law (T.C.A. § 7-34-115) require that all municipal utilities operate as self-sufficient entities that account and report their operations as enterprise funds. Language permitting subsidy or contribution from governmental funds has been removed from the Municipal Revenue Law. The Municipal Revenue Law prohibits one utility from subsidizing or contributing money to another utility.

4. Must a municipality's utilities charge the municipality (including other utilities) for services at the same rate as other customers?

Yes, State statutes require that a municipality's utility charge it the same rate for service as any other customer.

T.C.A. §§ 7-34-108 & 7-52-116

5. Can a municipality charge for operating expenses incurred by it on behalf of a utility?

Yes, municipality may charge a utility the direct and properly allocated and disclosed indirect operating expenses of the utility incurred on its behalf.

6. Can a municipality charge itself property tax on its utilities?

No, but it can charge a payment-in-lieu of taxes not to exceed taxes payable on similar private property or in accordance with the Municipal Electric System Tax Equivalent Law.

T.C.A. § 7-34-115(a)(9) & Title 7 Chapter 52 Part 3 of the Tennessee Code Annotated



7. What happens if a municipality illegally transfers money from a utility to any other fund or utility?

A municipality would be in violation of the Municipal Utility Revenue Law and must immediately repay any monies illegally transferred or if it does not have sufficient monies to repay the transfer it must submit a corrective action plan to the Office of the Comptroller to repay and correct conditions leading to the illegal transfer. Any official in violation of this section is subject to ouster under Title 8 Chapter 47 of the Tennessee Code Annotated.

T.C.A. § 7-34-115(f)

County





STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
OFFICE OF STATE AND LOCAL FINANCE
SUITE 1600 JAMES K. POLK STATE OFFICE BUILDING
505 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7872
FAX (615) 741-5986

ANNUAL BUDGET MEMO

To: Budget Contact
From: Sandra Thompson, Director of State and Local Finance
Date: March 20, 2015
Re: Fiscal Year 2016 Annual Budget Memo

Counties in Tennessee must adopt a budget appropriation resolution and file it each fiscal year with the Office of State and Local Finance (“OSLF”). Counties with debt outstanding issued pursuant to Title 9, Chapter 21 or loan agreements with a public building authority approved by OSLF issued pursuant to Title 12, Chapter 10 of the Tennessee Code Annotated must submit a budget to OSLF for approval, (T.C.A. §§ 9-21-403(c) and 12-10-109(c)). Please submit your County’s budget with the required supporting documents to OSLF within 15 days of adoption.

It is the responsibility of the county and its officials to ensure compliance with specific program statutes or guidelines, and with any financing requirements prescribed by any state or federal agency as well as to meet any other financial compliance requirements established by federal, state, or local statutes or regulations. The county and its officials, by submission of their budget to OSLF, represent that their annual operating and capital budget as adopted is realistic and in compliance with all federal, state or local statutes for specific programs. **A county that submits a budget with misstated revenues, expenditures or beginning cash balances may be required to submit monthly reports to OSLF.** Budgets submitted with incomplete or missing information will not be considered as received by this Office.

A county should submit its adopted budget for approval by OSLF in a timely manner so that it may amend its tax levy or appropriations if necessary to balance its budget.

The Budget and Property Tax Levy

A county legislative body has a duty to adopt a property tax levy by the first Monday in July or as soon as possible thereafter (T.C.A. § 67-5-510). The property tax levy or the amended property tax levy must be adopted in sufficient time so that property tax notices may be sent prior to the first Monday in October (T.C.A. § 67-1-701, OAG 04-149).

Purpose for Budget Review

The purpose of our review is to determine that the budget is balanced on a cash basis, sufficient monies are appropriated to pay all annual debt service, and enterprise funds are financially sound (T.C.A. §§ 4-3-305 and 9-21-403). See Attachment A for the list of items required to be submitted.

Utility Budgets

A utility budget is reviewed to determine whether there are sufficient cash receipts to meet all cash costs of the system including debt service (principal and interest payments). A county with a water or sewer fund is required to provide a projected cash flow analysis statement and complete the Water and Wastewater Financing Board (“WWFB”) Worksheet for each utility fund. We have provided a sample cash flow analysis statement and the WWFB Worksheet for your convenience (see Attachments E and F). The Division of Local Government Audit will refer a county to the WWFB if the county reports two consecutive years of negative change in net position, defaults on its debt payments, or posts a negative net position for its water or sewer fund.

Tennessee Department of Education School Budget Reporting

The Tennessee Department of Education (“TDE”) requires a county with a school system to submit a complete and certified copy of the entire school budget to TDE within 30 days of the beginning of fiscal year 2016 (T.C.A. § 49-3-316(a)(2)). If the school budget is not submitted by October 1, TDE may withhold state funds (T.C.A. § 49-3-316(d)(3)). Please contact TDE for more information.

Governor’s Three Star Program

To maintain eligibility for inclusion in the Governor’s Three Star Program, a county must:

- Adopt an annual budget including the appropriate cash flow forecasts, and submit the budget package to OSLF by October 15; and
- Provide a copy of a reviewed and signed Fiscal Strength & Efficient Government Annual Confirmation letter to the Department of Economic and Community Development (the “ECD”) that documents:
 - The date the county mayor and commission performed the annual review of the county’s debt management policy with a statement that the current policy has been filed with OSLF; and
 - That a cash flow forecast will be submitted to the OSLF when the county decides to issue debt (if new debt is included in the fiscal year 2016 budget, a cash flow forecast should be submitted with the budget).

If you have questions about forming or maintaining an audit committee please contact Jim Arnette, Director of Local Government Audit (jim.arnette@cot.tn.gov, (615) 401-7841). Please refer to the ThreeStar website (<http://www.tn.gov/ECD/threestar/>) if you need additional information about the program and dates for required filings with ECD. Please contact ECD if you have any questions concerning this program.

Closing Notes

A county that submits a complete budget that meets the statutory requirements for approval will receive an approval letter from OSLF.

Prior to submitting the budget information package to OSLF, the county should confirm that the information in the detailed budget matches the resolution adopted by the legislative body and that the package contains physical copies of all documents along with all relevant attachments, including a *signed and certified* copy of the appropriation resolution and property tax levy resolution.

Submit Debt approval or report requests separately from the budget submission to avoid delay in the review of the request.

Please send the complete budget submission package to Sandra Thompson, Director of the Office of State and Local Finance at the address on this letterhead.

If you need any assistance, you may contact the County Technical Advisory Service (CTAS), the State Department of Education-Section of Local Finance, or any member of our staff.

Office of State and Local Finance staff members:

Sandi Thompson, Director

Email: sandi.thompson@cot.tn.gov

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Phone: 615-747-5347

Enclosures: Attachment A – Checklists for Budgets
Attachment B – Budget Summary
Attachment C – Statement of Outstanding Debt
Attachment D – Schedule of Debt Payments
Attachment E – Cash Flow Statement
Attachment F – Water and Wastewater Financing Board Worksheet
Tax and Revenue Anticipation Notes Memorandum

ATTACHMENT A

Checklist for Budgets Requiring Approval of OSLF

1. Cover letter on the county's letterhead. (Complete contact information should be included)
2. Signed and certified copy of appropriation resolution and tax levy resolution.
3. Detailed budgets for all funds including enterprise funds and school funds (if applicable). Please include estimated beginning fund balances and cash balances for each fund at July 1.
4. Revenue forecasts for property and sales tax.
5. Budget summary schedule (Attachment B).
6. Schedule of Outstanding Debt (Attachment C).
7. Schedule of Budgeted Debt Payments (Attachment D).
8. Cash flow analysis for each enterprise fund, the general fund, the general purpose school fund and for each fund with debt outstanding or that will have debt issued in the coming budget year (Attachment E). [Include a cash flow analysis for any fund that has less than one month's average expenditures except capital projects funds.]
9. Water and Wastewater Financing Board worksheet (Attachment F).

Checklist for Budgets Required to be Filed with OSLF

1. Cover letter on the county's letterhead. (Complete contact information should be included)
2. Signed and certified copy of the appropriation resolution and tax levy resolution.
3. Budget summary schedule (Attachment B).
4. Schedule of Outstanding Debt (Attachment C).

An Excel spreadsheet including Attachments B through F is available on request from OSLF staff.

Budget Summary:

This schedule shows the government's projected cash receipts and appropriations with beginning and ending fund and cash balances. See Note below for reference when calculating beginning cash and fund balances.

Statement of Outstanding Debt :

This schedule shows the government's current year debt (notes, loan agreements, bonds, and capital leases). Information (outstanding as of the upcoming fiscal year) from lenders' payment schedules and is the same information necessary to complete the section of the budget ordinance that identifies outstanding debt and required debt service payments for the upcoming fiscal year.

Schedule of Budgeted Debt Payments:

This schedule lists all principal and interest payments to be appropriated by fund and department.

Forecasted Cash Flow Statement:

This schedule projects monthly cash flows for the general fund, general purpose school fund, enterprise funds and any fund (except capital projects funds) that has a budgeted ending cash balance of less than one month's average expenditures. Identifies cash flow needs for any funds that may have a mismatch between cash inflows and outflows.

Water and Wastewater Financing Board Worksheet :

Demonstrates the local governments' compliance with the financial stability requirements of the WWFB and the SRF Loan covenants.

NOTE:

Beginning Cash Calculation

Estimated Cash June 30, 2015	\$	
Less: Accounts Payable		
Less: Encumbrances		
Estimated Available Cash July 1, 2015	\$	_____

Estimated Fund Balance

Beginning Fund Balance July 1, 2014	\$	
Plus: Estimated Revenues FY 2015		
Less: Estimated Appropriations FY 2015		
Estimated Ending Fund Balance June 30, 2015	\$	_____

Attachment B
 Budget Summary
 FY 2016

County Name _____

Appropriation Resolution

Fund	Beginning Fund Balance 07/01/2015	Estimated Beginning Cash 07/01/2015	Revenues	Debt Proceeds	Transfers-In	Estimated Cash Receipts	Available Funds	Expenditures	Transfers-Out	Appropriations	Do Total Appropriations Agree with Detail Budget?	Is Est. Ending Cash Bal. Less Than 1 Month's Avg. Exp. Of 8.33%
General Fund											Yes	89.98%
Highway Fund											Yes	69.38%
Solid Waste Fund											Yes	36.50%
Drug Fund											Yes	28.00%
General Purpose School Fund											Yes	10.52%
School Cafeteria Fund											Yes	21.43%
School Federal Projects Fund											Yes	9.95%
General Debt Service Fund											Yes	83.87%
Water Fund											Yes	76.59%
Totals												

Detailed Budget

Fund	Beginning Fund Balance 07/01/2015	Estimated Beginning Cash 07/01/2015	Revenues	Debt Proceeds	Transfers-In	Estimated Cash Receipts	Available Funds	Expenditures	Transfers-Out	Appropriations	Receipts - Appropriations	Estimated Ending Cash 06/30/2015	Ending Fund Balance 06/30/2016
General Fund	\$ 808,376	\$ 575,000	\$ 531,950	\$ 83,000	\$ 50,000	\$ 666,950	\$ 1,241,950	\$ 653,725	\$ -	\$ 653,725	\$ 13,225	\$ 588,225	\$ 821,601
Highway Fund	132,415	75,000	287,090	115,000	-	402,090	477,090	281,340	-	281,340	235,750	195,750	253,165
Solid Waste Fund	192,400	58,000	204,620	-	-	204,620	262,620	192,400	-	192,400	(13,000)	70,220	204,620
Drug Fund	20,000	20,000	12,000	-	-	12,000	32,000	25,000	-	25,000	(187,000)	7,000	7,000
General Purpose School Fund	2,041,621	1,885,326	13,723,000	-	20,000	15,743,000	17,628,326	15,650,000	300,000	15,950,000	500	1,678,326	375,500
School Cafeteria Fund	375,000	375,000	1,752,500	-	-	1,752,500	2,127,500	1,752,000	-	1,752,000	-	375,500	375,500
School Federal Projects Fund	300,000	300,000	3,015,000	-	-	3,015,000	3,315,000	2,995,000	20,000	3,015,000	-	300,000	300,000
General Debt Service Fund	650,000	650,000	475,000	-	300,000	775,000	1,425,000	775,000	-	775,000	300,000	650,000	650,000
Water Fund	6,500,000	750,000	983,000	75,000	-	1,060,000	1,810,000	975,000	50,000	1,025,000	110,000	785,000	633,500
Totals	\$ 11,019,812	\$ 4,688,326	\$ 22,986,160	\$ 275,000	\$ 370,000	\$ 23,631,160	\$ 28,319,486	\$ 23,299,465	\$ 370,000	\$ 23,669,465	\$ 471,695	\$ 4,650,021	\$ 10,981,507

Please Note: Check that the major categories, that are the appropriations within each fund, in the appropriation resolution agree with the major categories within the detailed budget.

Debt Service

Fund: General Debt Service Fund	Principal	Interest	Debt Service	Fund: General Fund	Principal	Interest	Debt Service
Schedule of Outstanding Debt	\$ 490,000	\$ 221,000	\$ 711,000	Schedule of Outstanding Debt	\$ 2,500	\$ 230	\$ 2,730
Less: Budgeted Debt Payments	490,000	221,000	711,000	Less: Budgeted Debt Payments	2,500	230	2,730
Difference:	-	-	-	Difference:	-	-	-
Fund: Highway Fund				Fund: Schedule of Outstanding Debt			
Schedule of Outstanding Debt	10,000	2,000	12,000	Less: Budgeted Debt Payments	-	-	-
Less: Budgeted Debt Payments	10,000	2,000	12,000	Difference:	-	-	-
Difference:	-	-	-				
Fund: Water Fund							
Schedule of Outstanding Debt	220,000	120,500	340,500				
Less: Budgeted Debt Payments	220,000	120,500	340,500				
Difference:	-	-	-				

ATTACHMENT C
County Name
Schedule of Outstanding Debt (Amounts below are for example only)
Fiscal Year 2016

FY 2016 Debt Service Payments

		Authorized and Unissued	Outstanding at 06/30/15	Payment Fund	Principal	Interest	Service Debt	Total Debt
Notes	Loan Name							
	Land Purchase Notes Series 2010	\$	-	General Debt Service Fund	\$ 10,000	\$ 5,000	\$ 15,000	
	Truck Notes Series 2008		50,000	General Debt Service Fund	10,000	2,000	12,000	
	Road Improvement Notes Series 2011		50,000	Highway Fund	10,000	2,000	12,000	
	School Improvement Notes Series 2012		100,000	General Debt Service Fund	20,000	4,000	24,000	
	TOTAL NOTES:	\$	2,090,000		\$ 50,000	\$ 13,000	\$ 63,000	
Loan Agreements	TMBF School Loan Agreement Series 2013	\$	-	General Debt Service Fund	\$ 300,000	\$ 180,000	\$ 480,000	
	TOTAL LOAN AGREEMENTS:	\$	2,250,000		\$ 500,000	\$ 90,000	\$ 240,000	
GO Bonds	GO Refunding Bonds Series 2002	\$	-	General Debt Service Fund	\$ 150,000	\$ 30,000	\$ 180,000	
	TOTAL GO BONDS:	\$	750,000		\$ 150,000	\$ 30,000	\$ 180,000	
Tax and Revenue Bonds	Sewer Tax and Revenue Bonds Series 2010	\$	-	Water Fund	\$ 210,000	\$ 120,000	\$ 320,000	
	TOTAL TAX AND REVENUE BONDS:	\$	3,000,000		\$ 210,000	\$ 120,000	\$ 320,000	
Revenue Bonds	TOTAL REVENUE BONDS:	\$	-		\$ -	\$ -	\$ -	
Capital Leases	Primary Government	\$	-	General Fund	\$ 2,500	\$ 250	\$ 2,750	
	School		-					
	Enterprise Funds		10,000	Water Fund	10,000	500	10,500	
	TOTAL CAPITAL LEASES:	\$	12,500		\$ 12,500	\$ 750	\$ 13,250	
Debt Service By Fund								
		Principal	Interest		Service	Debt	Total	
	General Fund	\$ 2,500	\$ 250		\$ 2,750			
	General Debt Service Fund	490,000	221,000		711,000			
	Highway Fund	10,000	2,000		12,000			
	Water Fund	220,000	120,500		340,500			
	Total	\$ 612,500	\$ 293,750		\$ 1,063,500			

ATTACHMENT D
County Name
Schedule of Budgeted Debt Payments
FY 2016

Fund	Principal	Interest
General Fund		
Capital Lease Principal	\$ 2,500	
Capital Lease Interest		250
General Fund Total	\$ 2,500	\$ 250
General Debt Service Fund		
General		
Series 2002 Bonds Principal	\$ 150,000	
Series 2002 Bonds Principal		30,000
Note Principal	10,000	
Note Interest		2,000
Subtotal	\$ 160,000	\$ 32,000
Education		
Note Principal	\$ 10,000	
Note Interest		5,000
Note Principal	20,000	
Note Interest		4,000
TMBF Variable Rate Loan 2013 Principal	300,000	
TMBF Variable Rate Loan 2013 Interest		180,000
Subtotal	\$ 330,000	\$ 189,000
General Debt Service Fund Total	\$ 490,000	\$ 221,000
Highway Fund		
Public Works Department		
Note Principal	\$ 10,000	
Note Interest		2,000
Highway Fund Total	\$ 10,000	\$ 2,000
Water Fund		
Water & Sewer Department		
Capital Lease Principal	\$ 10,000	
Capital Lease Interest		500
Tax and Revenue Bonds 2010 Principal	210,000	
Tax and Revenue Bonds 2010 Interest		120,000
Water & Sewer Fund Total	\$ 220,000	\$ 120,500

Attachment E
Cash Flow Statement
FY 2016

County Name _____

Water Fund	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	June	Total		
Cash Receipts	\$ 217,491	\$ 184,030	\$ 167,300	\$ 133,840	\$ 117,110	\$ 83,650	\$ 83,650	\$ 83,650	\$ 117,110	\$ 133,840	\$ 150,570	\$ 200,760	\$ 1,673,004		
Loan Proceeds															
Total Cash Inflows	217,491	184,030	167,300	133,840	117,110	83,650	83,650	83,650	117,110	133,840	150,570	200,760	1,673,004		
Beg Cash Bal	750,000	758,876	789,922	787,923	742,938	766,602	764,714	762,826	760,577	760,577	760,577	770,333	806,820	807,222	750,000
Available Cash	967,491	942,906	957,223	921,763	860,048	850,253	848,365	846,477	877,687	904,174	957,391	1,007,982	2,423,004		
Cash Payments	208,615	152,984	169,300	153,825	93,446	85,538	85,538	85,900	107,353	97,353	125,169	166,892	1,531,913		
Debt Service															
Transfers Out (PILLOT, etc)				25,000									50,000		
Total Cash Outflows	208,615	152,984	169,300	178,825	93,446	85,538	85,538	85,900	107,353	97,353	150,169	216,892	1,631,913		
End Bal	758,876	789,922	787,923	742,938	766,602	764,714	762,826	760,577	770,333	806,820	807,222	791,091	791,091		
Cash Inflows - Outflows	\$ 8,876	\$ 31,046	\$ (2,000)	\$ (44,985)	\$ 23,664	\$ (1,888)	\$ (1,888)	\$ (2,250)	\$ 9,757	\$ 36,487	\$ 402	\$ (16,131)	\$ 41,091		

General Fund	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	June	Total
Cash Receipts	\$ 58,491	\$ 38,994	\$ 58,491	\$ 155,976	\$ 194,970	\$ 311,952	\$ 350,947	\$ 389,941	\$ 136,479	\$ 116,982	\$ 77,988	\$ 58,491	\$ 1,949,703
Loan Proceeds													
Total Cash Inflows	58,491	38,994	58,491	155,976	194,970	311,952	350,947	389,941	136,479	116,982	77,988	58,491	1,949,703
Beg Cash Bal	575,000	573,859	559,603	558,194	552,909	594,629	697,967	833,555	998,196	1,022,107	1,041,736	954,555	575,000
Available Cash	633,491	612,853	618,094	714,170	747,880	906,581	1,048,913	1,223,496	1,134,675	1,139,089	1,119,724	1,013,046	2,524,703
Cash Payments	59,632	53,250	59,900	121,261	153,251	208,615	215,358	225,300	112,568	97,353	125,169	52,300	1,483,957
Debt Service													
Transfers Out (PILLOT, etc)				40,000									80,000
Total Cash Outflows	59,632	53,250	59,900	161,261	153,251	208,615	215,358	225,300	112,568	97,353	165,169	52,300	1,563,957
End Bal	573,859	559,603	558,194	552,909	594,629	697,967	833,555	998,196	1,022,107	1,041,736	954,555	960,746	960,746
Cash Inflows - Outflows	\$ (1,141)	\$ (14,256)	\$ (1,409)	\$ (5,285)	\$ 41,719	\$ 103,338	\$ 135,589	\$ 164,641	\$ 23,911	\$ 19,629	\$ (87,181)	\$ 6,191	\$ 385,746

General Purpose School Fund	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	June	Total
Cash Receipts	\$ 259,237	\$ 353,505	\$ 164,969	\$ 117,835	\$ 212,103	\$ 212,103	\$ 235,670	\$ 259,237	\$ 117,835	\$ 94,268	\$ 94,268	\$ 235,670	\$ 2,356,700
Loan Proceeds													
Total Cash Inflows	259,237	353,505	164,969	117,835	212,103	212,103	235,670	259,237	117,835	94,268	94,268	235,670	2,356,700
Beg Cash Bal	2,150,069	2,215,782	2,353,963	2,343,682	2,300,256	2,359,108	2,362,596	2,382,908	2,416,845	2,422,112	2,419,027	2,348,126	2,150,069
Available Cash	2,409,306	2,569,287	2,518,932	2,461,517	2,512,359	2,571,211	2,598,266	2,642,145	2,534,680	2,516,380	2,513,295	2,583,796	4,506,769
Cash Payments	193,524	215,324	175,250	121,261	153,251	208,615	215,358	225,300	112,568	97,353	125,169	201,350	2,044,323
Debt Service													
Transfers Out (PILLOT, etc)				40,000									80,000
Total Cash Outflows	193,524	215,324	175,250	161,261	153,251	208,615	215,358	225,300	112,568	97,353	165,169	201,350	2,124,323
End Bal	2,215,782	2,353,963	2,343,682	2,300,256	2,359,108	2,362,596	2,382,908	2,416,845	2,422,112	2,419,027	2,348,126	2,382,446	2,382,446
Cash Inflows - Outflows	\$ 65,713	\$ 138,181	\$ (10,281)	\$ (43,426)	\$ 58,852	\$ 3,488	\$ 20,312	\$ 33,937	\$ 5,267	\$ (3,085)	\$ (70,901)	\$ 34,320	\$ 232,377

Attachment F

FY 2016

County Name: _____

Water and Wastewater Financing Board Work Sheet
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Circle Yes or No

1. Has the municipality defaulted on any loan payments?

Yes No

If yes, please detail on a separate sheet of paper.

2. Has the municipality violated any loan covenants?

Yes No

If yes, please detail on a separate sheet of paper.

3. Change in Net Position

	Actual FY 2014	Estimated FY 2015	Projected FY2016
Operating Revenues	\$ 1,000,000	\$ 1,100,000	\$ 1,150,000
Operating Expenses excluding Depreciation	750,000	800,000	825,000
Operating Income Before Depreciation	\$ 250,000	\$ 300,000	\$ 325,000
Less: Depreciation	100,000	110,000	115,000
Operating Income	\$ 150,000	\$ 190,000	\$ 210,000
Nonoperating Income	2,500	3,500	5,000
Nonoperating (Expense)	(11,000)	(9,900)	(12,000)
Income before Contributions	\$ 141,500	\$ 183,600	\$ 203,000
Contributions	100,000	-	200,000
Change in Net Position	\$ 241,500	\$ 183,600	\$ 403,000
Beginning Net Position	2,150,000	2,391,500	2,575,100
Ending Net Position	\$ 2,391,500	\$ 2,575,100	\$ 2,978,100

A utility with a negative change in net position for two consecutive years will fall under the authority of the WWFB.

Does the FY 2016 budget produce a negative change in Net Position?	<u>Yes</u>	<u>No</u>
Do you project a negative change in Net Position for FY 2015?	<u>Yes</u>	<u>No</u>
Was there a negative change in Net Position in FY 2014?	<u>Yes</u>	<u>No</u>
Is Net Position negative?	<u>Yes</u>	<u>No</u>

4. SRF Loan Sufficient Revenue Analysis (to be completed by municipalities with outstanding SRF loans)

	Actual FY 2014	Estimated FY 2015	Projected FY2016
Operating Revenues	\$ 1,000,000	\$ 1,100,000	\$ 1,150,000
Nonoperating Income	2,500	3,500	5,000
Revenues	\$ 1,002,500	\$ 1,103,500	\$ 1,155,000
Less: Operating Expenses inc. Depreciation	850,000	910,000	940,000
Income before Nonoperating Expenses	\$ 152,500	\$ 193,500	\$ 215,000
Less: Annual Debt Service	100,000	110,000	125,000
This should be greater than or equal \$0.	\$ 52,500	\$ 83,500	\$ 90,000



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
OFFICE OF STATE AND LOCAL FINANCE
SUITE 1600 JAMES K. POLK STATE OFFICE BUILDING
505 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7872
FAX (615) 741-5986

TRAN MEMO

To: Chief Financial Officer
From: Sandra Thompson, Director
Date: March 20, 2015
Re: **TAX AND REVENUE ANTICIPATION NOTES**

Tax and Revenue Anticipation Notes (TRANs) are a form of debt used to provide cash to pay for operating expenses of the current fiscal year until revenues are received. The TRANs must repaid by June 30 of the fiscal year in which the borrowing was executed. The lender of TRANs may be a bank, a security sold in the capital markets, a private placement, or an interfund loan.

Counties seeking approval to issue TRANs should submit:

- a letter requesting approval, signed by the Chief Executive Officer;
- an approved certified tax anticipation note resolution with the form of the note or appropriation resolution with TRAN section;
- a monthly cash flow analysis for fiscal year 2014 for each fund requesting a TRAN; and
- an adopted fiscal year 2015 budget with the required supporting schedules for budget, or a statement from its Chief Executive Officer that confirms the county is operating under a legally authorized continuation budget and certifies the county met the cash-basis balanced budget requirement during fiscal year 2015.

If the County plans to issue TRANs as an interfund loan, it must also include a cash flow analysis for the lending fund to demonstrate that the fund has sufficient cash to make the loan without creating a cash deficit for itself.

Please contact OSLF to obtain an Excel template for cash flow analysis and a model TRAN resolution and form in Word format.

Office of State and Local Finance staff members:

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The maximum amount of TRANs OSLF can approve is equal to the largest monthly fund cash deficit plus 5% of total annual cash payments from the fund. If there is no projected cash deficit, the maximum TRANs that can be approved is an amount equal to 5% of total annual cash payments less the lowest monthly fund cash balance.