



SECTION 2

BUDGETING PROCESS

Each county government should prepare, review and approve operating budgets for the various operations. During this budget process, a forum should be established where various factions, interests and operations are discussed, debated and reviewed. The final product should be a budget that reflects a consensus of all the players involved. Even though conflicts cannot be eliminated, an attempt should be made to identify these potential conflicts and minimize them with a good budgeting system. The purpose of this section is to develop procedures for the budgeting process.

PLANNING

Before January 1, time should be devoted to reviewing the current budget and beginning the budgeting process for the next fiscal year. Department heads and committees of the legislative body should meet to hear concerns relating to services and the current budget. It is very important that all interests are heard, the merits of these interests discussed, and, in the end, a consensus reached thereby insuring a positive environment in developing the next fiscal year's budget.

Some ideas that could be implemented during the planning time are

1. Reviewing current problems relating to services with the department heads and "brain-storm" possible solutions.
2. Attempting to solve these problems within the present budget appropriations.
3. Reviewing the present economic conditions of the county or community.
4. Determining the status of revenue estimates for the current budget by asking the following questions: (1) are the local sales tax collections running as expected? (2) What about the property tax and other local taxes?
5. Reviewing the status of expenditure estimates. Are the estimates sufficient to provide the services planned for the current fiscal year?
6. Identifying steps the county can take to improve the prior year's process by asking (1) what information is needed? (2) how can the information be presented to help the decision-making process? (3) do the members of the legislative body and department heads have ideas for improving the budgeting process?

PROCEDURES

Before February 1 of each year, procedures, forms, and a budget calendar should be provided to each department head or official, with the overall goal of submitting a proposed budget by April 1.

Policy procedures should be developed and provided to officials responsible for developing and implementing the operating budget. These procedures should include instructions for the various steps of the fiscal year budgeting process. *For those counties operating under general law, it is **highly recommended** that the legislative body establish a budget committee.* A good budget committee model can be found in the *County Budgeting Law of 1957* or the *Financial Management Act of 1981*.

The following steps will provide some ideas for procedures to be developed by the government officials and the legislative body:

1. **General Budget Information.** This step should include information about the status of the current budget and any problems relating to it including revenue and expenditure deficiencies and/or service inadequacies.



2. **Budget Preparation Instructions.** General instructions should explain the process for preparing the department/activity budget including revenue and expenditure estimates and statistical data relating to the service provided by the department.
3. **Presentation of the Budget.** A presentation schedule is then developed and distributed to the various officials and department heads. This schedule should identify the time and date their budget requests can be presented to the legislative body.
4. **Review, Analysis, and Recommendations by the Committee.** After the budget has been submitted to the appropriate finance/budget committee, it is then the responsibility of the committee to do the following: (1) review and evaluate the budget, (2) meet with department heads and elected officials, if needed, and (3) make recommendations to the county legislative body.
5. **Review by the County Legislative Body.** Upon receiving the budget document and recommendations from the committees, the legislative body deliberates on the budget and considers the following: (1) fund balance(s), (2) revenues, (3) expenditures, (4) services, and (5) proposed tax rate. As discussion of these items may involve considerable time, the county legislative body often schedules work sessions for these deliberations.
6. **Priorities and Alternatives.** If the budget must be reduced, what procedures will be used to set priorities and evaluate alternatives to provide adequate services?
7. **Consolidation of Budgets and Preparation of Resolutions.** Before final adoption, procedures should be prescribed for consolidating all the budgets into a budget document. The county legislative body will review the submitted departmental budgets and requests for assistance, combine them into one county budget, and approve a budget for the fiscal year that begins July 1 and ends June 30. Also, the proper resolutions for adopting the budget and setting tax rates should be prepared.
8. **Hearings.** Before final adoption of the budget, the law requires that the proposed annual operating budget be published in a newspaper of general circulation in the county no later than five days after the budget is presented to the county legislative body if the newspaper is published daily. If such newspaper is published less than daily, then it must be published in the first edition for which the deadline for such publication falls after the budget is presented to the county legislative body. A county may also publish the proposed annual operating budget on the county's Web site, which will be accessible to the public on the day the budget is presented to the county legislative body. The budget cannot be adopted until at least 10 days after publication. The annual operating budget must contain a budgetary comparison for the following four governmental funds: general, highway/public works, general purpose school fund, and debt service (T.C.A. § 5-8-507). See **Exhibit 6** for a sample newspaper notice.
9. **Adoption.** Any specific procedures for adopting the budget should be explained in the adopted rules of procedure of the county legislative body.

REQUIRED FOR AN ADOPTED BUDGET

- Appropriation resolution (T.C.A. § 9-21-403(b)) (**Exhibit 7**)
- Tax levy resolution (T.C.A. § 9-21-403(b)) (**Exhibit 8**)
- Non-profit resolution (does not effect schools) (**Exhibit 9**)
- Notice in Newspaper (put in newspaper by central finance) (T.C.A. § 5-8-507(c)) (**Exhibit 6**)
- Capital outlay note/bond note resolution (not required during the budget)
- Notification of state director of local finance of approved budget (T.C.A. § 9-21-403 (c))