



## Finance Reports

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Dear Reader:

The following document was created from the MTAS website ([mtas.tennessee.edu](http://www.mtas.tennessee.edu)). This website is maintained daily by MTAS staff and seeks to represent the most current information regarding issues relative to Tennessee municipal government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with municipal government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other MTAS website material.

Sincerely,

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## Finance Reports

**Reference Number:** MTAS-120

There are a number of reporting requirements for cities to comply with for submissions to the State Comptroller's Office, Office of State and Local Finance. Most have to do with debt issuances and the annual budget process.

## Reporting Requirements - Division of Local Finance

**Reference Number:** MTAS-573

### ***Annual Reporting Requirements of the State Office of State & Local Finance***

The State of Tennessee Comptroller of the Treasury, Office of State & Local Finance (OSLF), is the agency responsible for oversight of city-issued debt. Cities that issue debt, must annually submit their budgets to the OSLF for approval before the budget becomes official. This requirement applies to any debt. Every city must file, within 45 days from issuance, Form CT-0253 to the state on all debt issued.

The OSLF requires the submission of a cash basis balanced budget with certain supporting documents for approval. These documents must contain sufficient information for the state to determine if the city's budget is balanced on a cash basis and that appropriations are sufficient to meet all expenses of operations and annual debt service requirements. A budget will be considered balanced on a cash basis if beginning cash balances plus revenues are enough to cover the appropriations. The following is a list of example items your city may be required to submit in order to comply with the OSLF requirements. (Refer to the annual memorandum mailed to cities by the OSLF in the spring each year for other specific information required):

- A copy of your annual operating and capital budget ordinance after adoption, with any supporting schedules. This should be a certified copy. If the city is not able to adopt a budget by July 1, a continuation budget ordinance must be submitted for approval.
- A certified copy of your tax levy ordinance (if separate from the budget ordinance).
- Your detailed annual operating budget after passage. Use a three-column format showing last year's actual figures from the audit report, this year's projected data, and the next year's proposed budget. This should include detailed revenues, expenses/expenditures, and beginning and ending cash balances. All funds, including enterprise funds, must be included. Enterprise Fund budgets typically do not list debt principal repayments because budgets are to be prepared on a cash basis. To comply with the state requirements, if your city has prepared an enterprise fund budget on the accrual basis, then you will need to convert it to the cash basis for submission to the OSLF. Alternatively, at the end of your expense budget, a reconciliation can be prepared removing any depreciation and amortization, and adding debt principal repayments. Interest payments are already properly recorded as an expense. This converts your accrual-based budget to a cash basis budget.
- A budget summary schedule (format provided by state).
- A schedule of outstanding debt and a schedule of budgeted debt payments by fund (formats provided by state). These two schedules should be reconciled to each other.
- Revenue projections for property tax and sales tax, if applicable. For property taxes, calculate the projected revenue by multiplying the assessed value by your property tax rate, and then dividing the total by \$100. Include this information as a schedule that you send to the state.
- A statement of cash flow analysis for enterprise funds and any other fund requesting tax/revenue anticipation notes.
- A copy of your capital budget if you have one. Except for general law modified city manager-council charter cities, there is no requirement to produce a capital budget. You should notify the state if you do not have one so that the budget approval process will not be slowed by the OSLF staff looking for something that does not exist.
- A SRF loan covenant and Water Wastewater Financing Board worksheet, if applicable.

- A city with a school system must submit the balanced school budget. These requirements are only for the OSLF, other agencies may require separate reporting. Be sure that the city's appropriated expenditure for the school system matches the revenue listed in the school system's budget. If the school system has outstanding debt, the above mentioned debt schedules should be included for the school system also.

These are the basic requirements. The OSLF may ask for additional details or schedules. As you might imagine, this is serious business, and budgets that don't balance or that are without sufficient detail for analysis will slow the approval of your budget.

For more information:

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*DISCLAIMER: The letters and publications written by the MTAS consultants were written based upon the law at the time and/or a specific sets of facts. The laws referenced in the letters and publications may have changed and/or the technical advice provided may not be applicable to your city or circumstances. Always consult with your city attorney or an MTAS consultant before taking any action based on information contained in this website.*

**Source URL (retrieved on 10/26/2020 - 5:52pm):** <http://www.mtas.tennessee.edu/reference/finance-reports>



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