

Sample Budget Ordinance

Dear Reader:

The following document was created from the MTAS website ([mtas.tennessee.edu](https://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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Reference Number:
MTAS-1841

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF _____, TENNESSEE
ADOPTING THE ANNUAL Operating and Capital BUDGET AND TAX RATE FOR THE FISCAL YEAR BEGINNING JULY 1, 20XX AND ENDING JUNE 30, 20XY

WHEREAS, *Tennessee Code Annotated* Title 9 Chapter 1 Section 116 requires that all funds of the State of Tennessee and all its political subdivisions shall first be appropriated before being expended and that only funds that are available shall be appropriated; and

WHEREAS, the Municipal Budget Law of 1982 requires that the governing body of each municipality adopt and operate under an annual budget ordinance presenting a financial plan with at least the information required by that state statute, that no municipality may expend any moneys regardless of the source except in accordance with a budget ordinance and that the governing body shall not make any appropriation in excess of estimated available funds; and

WHEREAS, the governing body has published the annual operating budget and budgetary comparisons of the proposed budget with the prior year (actual) and the current year (estimated) in a newspaper of general circulation not less than ten (10) days prior to the meeting where the governing body will consider final passage of the budget.

NOW THEREFORE BE IT ORDAINED BY THE CITY OF _____, TENNESSEE AS FOLLOWS:

Section 1: That the governing body estimates anticipated revenues of the municipality from all sources to be as follows:

GENERAL FUND	20XX ACTUAL	20XY ESTIMATED	20XZ PROPOSED
Local taxes			
License and permits			
Intergovernmental			
Charge for services			
Other			
Total Revenues			
Beg. Fund Balance			
Total Available Funds			

STATE STREET AID	20XX ACTUAL	20XY ESTIMATED	20XZ PROPOSED
Intergovernmental			
Total revenues			
Beg. Fund Balance			
Total Available Funds			

DRUG FUND	20XX	20XY	20XZ

	ACTUAL	ESTIMATED	PROPOSED
Court fines			
Beg. Fund Balance			
Total Available Funds			

SECTION 2: That the governing body appropriates from these anticipated revenues and unexpended and unencumbered funds as follows:

General Fund	FY 20XX Actual	FY 20XY Estimated	FY 20XZ Proposed
Administration			
Police Department			
Fire Department			
Public Works			
Parks and Recreation			
Debt Service			
Total Appropriations			

State Street Aid Fund	FY 20XX Actual	FY 20XY Estimated	FY 20XZ Proposed
Streets			
Total Appropriations			

Drug Fund	FY 20XX Actual	FY 20XY Estimated	FY 20XZ Proposed
Police			
Total Appropriations			

SECTION 3: At the end of the current fiscal year the governing body estimates balances/(deficits) as follows:

General Fund

State Street Aid Fund

Drug Fund

SECTION 4: That the governing body recognizes that the municipality has bonded and other indebtedness as follows:

Bonded or Other Indebtedness	Debt Redemption	Interest Requirements	Debt Authorized and Unissued	Condition of Sinking Fund
Bonds				
Notes				
Capital Leases				
Other Debt				

SECTION 5: During the coming fiscal year the governing body has planned capital projects and proposed funding as

follows:

Proposed Capital Projects	Proposed Amount Financed by Appropriations	Proposed Amount Financed by Debt

SECTION 6: No appropriation listed above may be exceeded without an amendment of the budget ordinance as required by the Municipal Budget Law of 1982 T.C.A. Section 6-56-208. In addition, no appropriation may be made in excess of available funds except to provide for an actual emergency threatening the health, property or lives of the inhabitants of the municipality and declared by a two-thirds (2/3) vote of at least a quorum of the governing body in accord with Section 6-56-205 of the *Tennessee Code Annotated*.

SECTION 7: Money may be transferred from one appropriation to another in the same fund only by appropriate ordinance by the governing body, subject to such limitations and procedures as it may describe as allowed by Section 6-56-209 of the *Tennessee Code Annotated*. Any resulting transfers shall be reported to the governing body at its next regular meeting and entered into the minutes.

SECTION 8: A detailed financial plan will be attached to this budget and become part of this budget ordinance. In addition, the published operating budget and budgetary comparisons shown by fund with beginning and ending fund balances and the number of full time equivalent employees required by Section 6-56-206, *Tennessee Code Annotated* will be attached.

SECTION 9: If for any reason a budget ordinance is not adopted prior to the beginning of the next fiscal year, the appropriations in this budget ordinance shall become the appropriations for the next fiscal year until the adoption of the new budget ordinance in accordance with Section 6-56-210, *Tennessee Code Annotated* provided sufficient revenues are being collected to support the continuing appropriations. Approval of the Director of the Office of State and Local Finance in the Comptroller of the Treasury for a continuation budget will be requested if any indebtedness is outstanding.

SECTION 10: There is hereby levied a property tax of \$ _____ per \$100 of assessed value on all real and personal property.

SECTION 11: All unencumbered balances of appropriations remaining at the end of the fiscal year shall lapse and revert to the respective fund balances.

SECTION 12: This ordinance shall take effect July 1, 20XY, the public welfare requiring it.

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.

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