



May 20, 2024

Budget System

Dear Reader:

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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 county 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 CTAS website material.

Sincerely,

The University of Tennessee
County Technical Assistance Service
226 Anne Dallas Dudley Boulevard, Suite 400
Nashville, Tennessee 37219
615.532.3555 phone
615.532.3699 fax
www.ctas.tennessee.edu

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Budget System

General Budgeting Law

Private Acts of 1941 Chapter 481

SECTION 1. *Be it enacted by the General Assembly of the State of Tennessee as follows:*

- (a) The term "County Judge or Chairman" when used in this Act shall mean the County Judge or Chairman of Morgan County, Tennessee.
- (b) The term "County Court Clerk" when used in this Act shall mean the County Court Clerk of Morgan County, Tennessee.
- (c) The term "Sheriff" when used in this Act shall mean the Sheriff of Morgan County, Tennessee.
- (d) The term "Trustee" when used in this Act shall mean the Trustee of Morgan County, Tennessee.
- (e) The term "Circuit Court Clerk" when used in this Act shall mean the Circuit Court Clerk of Morgan County, Tennessee.
- (f) The term "Register of Deeds" when used in this Act shall mean the Register of Deeds of Morgan County, Tennessee.
- (g) The term "Tax Assessor" when used in this Act shall mean the Tax Assessor of Morgan County, Tennessee.
- (h) The term "Commissioner" when used in this Act shall mean any Superintendent or person or persons appointed or elected by the Quarterly County Court over any Department or Institution of Morgan County, Tennessee.
- (i) The term "Quarterly County Court" when used in this Act shall mean anybody or group of people having jurisdiction over the operation of the fiscal affairs of Morgan County, Tennessee.
- (j) The term "Clerk and Master" when used in this Act shall mean the Clerk of the Chancery Court of Morgan County, Tennessee.
- (k) The term "County Superintendent" when used in this Act shall mean the County Superintendent of Schools of Morgan County, Tennessee.
- (l) The term "School Board" when used in this Act shall mean the County Board of Education of Morgan County, Tennessee.
- (m) The term "Highway Commission or Commissioner" when used in this Act shall mean the Highway Department of Morgan County, Tennessee.
- (n) The term "Budget" when used in this Act shall mean the appropriation of money appropriated by Court for each department or activity of Morgan County, Tennessee, for the period shown by the adoption of the Budget by the Quarterly County Court and any appropriation authorized by statute.
- (o) The term "Official of the County" when used in this Act shall mean any official authorized by the Quarterly County Court or the Statutes of the State of Tennessee to draw from the County Treasury and expend money of Morgan County as hereinafter provided.
- (p) The term "Budget Committee" when used in this Act shall mean a Committee of three (3) members so elected by majority vote of the Quarterly County Court of Morgan County, one of which shall be a member of said Court, as hereinafter provided.
- (q) The term "Expenditure or Expend" when used in this Act shall mean the Act of committing Morgan County, Tennessee, to expend monies then and there in the County Treasury or to come into the County Treasury of Morgan County, Tennessee.

SEC. 2. That at least thirty (30) days prior to the time when the annual tax levy or any part thereof is made, the Budget Committee of Morgan County shall prepare a Budget containing a Complete Plan, itemized and classified according to function and activity of all proposed expenditures and all estimated revenues by sources and borrowings for the County for the ensuing appropriation year, which shall begin on the first day of July of each year. Opposite such item of proposed expenditure, the Budget shall show in separate parallel columns the amount appropriated for the preceding appropriation year, the amount expended during that year, the amount appropriated for the current appropriation year, and the increase or decreases in the proposed expenditures for the ensuing years as compared with the appropriation of the current year. This Budget shall be accompanied by:

First: An itemized estimate of the receipts to be available during the current fiscal year, but such itemized estimate shall be subject to the following provisions:

- (a) Such estimate of delinquent taxes shall not exceed an amount which represents the percentage of the amount of taxes delinquent on the first day of the current fiscal year which were actually collected in cash during such preceding fiscal year.
- (b) Such estimate of collections of special assessments shall not exceed an amount which represents the same percentage of the special assessments unpaid and owing to said County on the first day of the current fiscal year, as the percentage of special assessments unpaid and owing to said County on the first day of the preceding fiscal year where they were actually collected in cash during the preceding fiscal year.
- (c) Such estimate of collections of miscellaneous revenues from sources other than taxes or special assessments shall in no instance, nor as to any time, be in an amount in excess of the amount of such miscellaneous revenues collected in cash in the preceding fiscal year; provided, however, that there may be included in the estimate cash receipts for such amount of additional miscellaneous revenues to be derived from sources other than ad valorem taxes or special assessments as may be approved by the Director of the Budget.
- (d) The amount of cash surplus being an amount not larger than the amount of cash on hand or on deposit to the credit of the several funds of said County at the close of the preceding fiscal year, exclusive, however, of any cash derived from prepaid taxes or other sources applicable to the Budget of the succeeding fiscal year to the extent that such cash is in excess of all outstanding or unpaid bills or other obligations lawfully incurred during such fiscal year, and all amounts payable therefrom to all special funds of the County.

Second: An itemized and complete financial balance sheet of each fund account of said Morgan County, Tennessee, at the close of the last preceding appropriation year.

SEC. 3. That a brief synopsis of the Budget shall be published in a newspaper having general circulation in Morgan County, Tennessee, or by notice posted in the lobby of the Court House in one or more conspicuous places, and notice given of one or more public hearings at least fifteen (15) days prior to the date set for hearing, at which any citizen of the said Morgan County shall have the right to attend and state their views thereon. After such hearing is had, the Budget Committee shall submit to the Quarterly County Court with recommendation for adoption such Budget as may be agreed upon. However, it shall not be mandatory upon the Quarterly County Court to adopt the Budget recommended by the Budget Committee, but the Quarterly County Court shall by appropriate order adopt and enter on the minutes thereof a Budget covering all expenditures for the County for the next appropriation year, itemized and classified as required by Section 2 of this Act; provided, however, that it shall be mandatory upon the Quarterly County Court to adopt a Budget for the ensuing fiscal year, and the revenues applicable to such Budget so adopted shall be in conformity to the requirements of the provisions of Section 2 hereof.

SEC. 4. That the Budget Committee or Director of the Budget of Morgan County, Tennessee, may require the heads or other responsible representatives of all Departments, Divisions, Boards, Commissions, Agencies, or Offices of said County, as more specifically named in Section 1 hereof, to furnish such information as may be deemed advisable and in such form as may be required in relation to their respective affairs and activities.

SEC. 5. That it shall, likewise, be the duty of the School Board of said County, on or before the first Monday in April of each year, to prepare and file with the Budget Committee an itemized statement or budget as specified in Section 2 of this Act, of the funds which said Board estimates will be necessary for the maintenance and operation of the schools and expenses incident thereto for the year commencing the first day of July following the filing of such statement or budget.

SEC. 6. That it shall be distinctly understood that it shall likewise be the duty of the Highway Department and/or Highway Commission of said County, at least thirty (30) days prior to the beginning of the fiscal year in each year to prepare and file with the Budget Committee an itemized statement or Budget, as specified in Section 2 of this Act, of the funds which said Department or Commission estimates will be necessary for the maintenance and operation of the roads in said County and expenses incident thereto for the year commencing the first day of July and following the filing of such statement or Budget.

SEC. 7. That the Quarterly County Court shall at any regular, adjourned, or specially called session of such Court (at which time the bonds contemplated to be issued in connection herewith shall have been authorized), and at the expiration of each second calendar year thereafter (second calendar year thereafter shall mean the time nearest to a regular session of the Quarterly County Court), elect a Budget Committee consisting of three (3) members, one of which must be a member of the Quarterly County Court, and the other two members to be such persons so designated and elected pursuant to a majority

vote of the then existing members of the Quarterly County Court; the Budget Committee so elected shall receive as compensation for their services a fee of Three (\$3.00) Dollars for each and every day spent in the preparation of the Budget heretofore mentioned; provided, however, that the total compensation of each member of the Committee shall not in any one appropriation year exceed the sum of Forty-eight (\$48.00) Dollars.

Likewise, it shall be the duty of the Quarterly County Court at the time of naming the Budget Committee to appoint a person who shall be known as "Director of the Budget," which such person may be the Judge or Chairman of the Quarterly County Court, if so appointed upon a majority vote of the then existing members of the Quarterly County Court, or otherwise may be a person not being a member of the Quarterly County Court, but must be, however, a taxpayer within said County.

SEC. 8. That pursuant to the election of the Budget Committee as provided under Section 7 hereof, and pursuant to the adoption of a Budget recommended by said Committee, or otherwise, the Budget so adopted and approved by the Quarterly County Court, the completed Budget, after approval as afore provided for, shall be delivered to the Director of the Budget, which said Director shall be charged with the responsibility of seeing to the proper application and/or the expenditures made therefrom.

Thereupon during the ensuing fiscal year no member of the Quarterly County Court, or the Budget Committee, or other departmental head or representative of said County shall have the right to expend or to authorize the expenditure of any money in the County Treasury or any appropriation other than those set forth in the adopted Budget; and provided, further, that the expenditures can be made against the Budget so adopted only upon the following conditions:

- (a) That any departmental head of Morgan County may authorize the expenditure of money, provided appropriation has been made for such expenditure, and, at the time of the expenditure is authorized, that a requisition has been properly executed by the Director of the Budget.
- (b) That the Director of the Budget is hereby restricted from the execution of any requisition order or authorizing the expenditure of any money from the County Treasury, unless such appropriation has been made therefor in the Budget so adopted by the Quarterly County Court for the given year in which any expenditure is requested; and provided, further, that such expenditure can then be authorized only provided a sufficient balance remains to the credit of the department for which expenditure has been requested. It shall be the duty, however, of the Director of the Budget to approve expenditures requested by any of the departmental heads so long as same conform to the requirements of this Section.

SEC. 9. That any official of Morgan County having the power, right, or authority to expend County funds from the Treasury of the County, or funds coming into the County Treasury from the State of Tennessee in excess of the monies of funds then and there actually in the Treasury of the County to the credit of his or her department of the County government, or in excess of the Budget adopted by the Quarterly County Court of Morgan County covering that certain period of time as shown by the Budget, such County Official making any overdrafts on the County Treasury or commitments in excess of the amount appropriated for the specific purpose for which the expenditure was made by the Quarterly County Court of Morgan County, shall be personally liable, together with his sureties on his Official Bond, to Morgan County for such overdrafts or over expenditures, and the County shall have cause of action of debt to recover from such official or officials and their bondsmen, the amount of the overdraft or over expenditure with interest from date.

SEC. 10. That it shall be unlawful and a misdemeanor in office for any Official or employee, including the Director of the Budget of Morgan County, to draw, sign, issue, deliver, or to authorize the drawing, signing, issuance or delivery of any purchase order, warrant, or other commitment during the appropriation year when such warrant, purchase order or other commitment, added to amounts previously expended, shall exceed the appropriation made by the Quarterly County Court for the specific purpose for which the expenditure is made. That it shall be mandatory upon the members of the Quarterly County Court to determine whether or not warrants or purchase orders or other commitments have been issued or made in violation of the intent of this Act; and if warrants, purchase orders, or other commitments are found to have been issued in violation of the intent of this Act, it shall be mandatory upon the Court or its qualified representative to certify the facts to the District Attorney General for presentation to the Grand Jury at the next term of the Circuit Court; and it shall be the duty of the District Attorney General to present the facts to the said Grand Jury and to institute such other proceedings as may be necessary to give full effect to the provisions of this Act.

SEC. 11. That it shall be a misdemeanor in office for any Official of Morgan County, Tennessee, including the members of the School Board, the County Superintendent, the County Judge, the County Court Clerk, the Circuit Court Clerk, the Sheriff, the Trustee, the Register of Deeds, the Clerk and Master, the Tax Assessor, or any other Official of the County, including the Highway Department, to violate any provision

of this Act, to fail or to refuse to perform any of the duties placed upon them, or any of them, by this Act, and any such Officer or Official failing to perform the duties imposed by this Act, or otherwise violating this Act, or who procures, aids or abets in the violation of any provision of this Act, shall upon conviction thereof be subject to a fine of not less than \$100.00 nor more than \$500.00, by imprisonment for a period of not exceeding one year, or both, in the discretion of the Court; provided, further, that any County official convicted under this Act shall be subject to removal from office under the ouster laws of the State of Tennessee, and it shall be mandatory upon the Quarterly County Court to appropriate the necessary funds for the prosecution of such cause.

SEC. 12. That in order that the fiscal affairs of Morgan County, Tennessee, may be placed on a cash basis, said County is hereby authorized and empowered to issue at one time, or from time to time, bonds of Morgan County, Tennessee, for the purpose of funding any or all warrants, judgments, or other indebtedness of said County, including the indebtedness of the Highway Department; provided, however, that the total Funding Bonds outstanding at any one time issued under the provisions of this Act shall not exceed \$200,000. That all bonds issued by the County under the provisions of this Act shall be authorized by a resolution passed by the Quarterly County Court of said County; said resolution shall be passed on roll call vote and record thereof kept by the Clerk of said Court, and shall be binding upon the County only upon a majority vote of the then existing members of the Quarterly County Court.

SEC. 13. That the resolution providing for the issuance of the bonds may be presented or introduced at any regular, adjourned, or special call meeting of the Quarterly County Court of said County, and shall be in force from and after its passage; provided, however, that same shall have been voted by a majority of the then existing members of said Court. Said Court shall in the resolution determine the rate or rates of interest to be paid on the bonds, not exceeding six (6%) per cent per annum, and the time or times of payment of such interest, and the maturity or maturities of the bonds, which shall be at a time or times not exceeding thirty (30) years from the date of the bonds. Said Court, in the resolution, shall determine the form of bonds and the place or places of payment of principal and interest. Each of the Funding Bonds so authorized shall be executed in behalf of the County by the County Judge of the County and the County Court Clerk of said County, under the Seal of said County. In case any of the Officials whose signatures appear upon the bonds or coupons thereto attached shall cease to be such Officers before the delivery of such bonds, such signatures shall nevertheless be valid and sufficient for all purposes the same as if they had remained in office until such delivery. The bonds may be registered as to principal under such terms and conditions as may be determined by said Court.

SEC. 14. That said County may sell any or all of the bonds authorized under the provisions of this Act in such manner and at such price as it may determine to be for the best interests of the County, but no such sale may be made at a price so low as to require the payment of interest on the money received therefor at more than Six (6%) per cent per annum, computed to the absolute maturity or the average maturities of the bonds, in accordance with Standard Tables of Bond Values. If bonds authorized under this Act are sold at a discount, then additional bonds may be authorized at the same time and in the same resolution to represent the amount of such discount; provided, that said Funding Bonds so issued at the price plus the discount do not exceed a net interest charge of Six (6%) per cent per annum to said County, computed as set out in this Section.

SEC. 15. That all bonds issued under the provisions of this Act shall be direct general obligations of Morgan County, Tennessee, for the payment of which the full faith, credit, and resources of said County shall be irrevocably pledged. Each year while any of the Funding Bonds issued under the provisions of this Act shall be outstanding there shall be levied upon all taxable property in said County an ad valorem tax sufficient in amount to pay the interest thereon as same falls due and the principal thereof as same matures, and the proceeds derived from said tax levy shall be kept in a fund separate and apart from all other funds of said County, and shall be used solely for the purpose of retiring principal and interest of bonds authorized under the provisions of this Act, and any person being a part in interest in either law or in equity upon suit, action, mandamus, may force and compel the performance of the duties required by this Act by governing body or any Official of said County.

SEC. 16. That no bonds issued under authority of this Act shall be subject to taxation by the State of Tennessee or any unit of government within the State of Tennessee, and such bonds shall so state on the face thereof.

SEC. 16-A. That it shall be necessary to include in the resolution authorizing the issuance of bonds under the provisions of this Act a brief description of the indebtedness to be funded thereby, and the indebtedness so described being funded thereby shall be considered the legal binding and incontestable obligations of Morgan County, Tennessee.

That the presently outstanding warrants issued against the various funds of Morgan County, Tennessee, notes, and other outstanding evidences of indebtedness, are hereby validated and legalized and declared

to be the incontestable obligations of Morgan County, Tennessee.

SEC. 16-B. That the County Judge or County Chairman, and County Court Clerk, shall execute the bonds as soon as may be after the adoption of a resolution authorizing the issuance thereof, and said bonds shall be by them delivered to the Trustee of said County for delivery to the purchasers thereof. Upon delivery of said bonds by the Trustee of said County, the proceeds derived from the sale thereof shall be deposited by said Trustee in a fund separate and apart from all other County Funds, and shall be used for no other purpose other than the retirement of the indebtedness described in the resolution authorizing the issuance of said bonds.

SEC. 17. That at the end of the first fiscal year of operation of said County under the provisions of this Act, a statement shall be prepared, either by a firm of auditors or an auditor, which shall necessarily recite the expenditures and income for the County for its then ending fiscal year, and which shall show in detail any overdrafts or cash balances which shall have then accrued, and if it is found in such certification that any Section of this Act shall have been not carried out, action shall immediately be instituted and prosecuted to the fullest extent in accordance with the provisions of this Act.

SEC. 18. That the Quarterly County Court of said County may adopt a resolution by a majority vote of the then existing members of said Court for the purpose of borrowing money for meeting appropriations made for the current fiscal year in an amount not exceeding Fifty (50%) per cent of the appropriation made by the Quarterly County Court for such fiscal year. Negotiable notes shall be issued for all monies so borrowed. Such notes shall be issued for a period of time not exceeding Sixty (60) days from their date and may be renewed from time to time; provided, however, that payment of the original note, or its respective renewal, shall be made within the current fiscal year in which same is issued. The proceeds derived from any notes, executed under the provision of this Section, by the County Judge and/or Director of the Budget, and County Court Clerk, in behalf of Morgan County, Tennessee, shall be shown in the Budget for the given fiscal year in such manner that the expenditure column thereof shall not be increased above the amount fixed by the Quarterly County Court. At such time as any notes executed in accordance with the provisions of this Act shall mature and be subject to payment, payment thereof shall be effected and made from the income credited to the Department for which the money was originally borrowed.

SEC. 19. That the purpose of this Act is to place and maintain the fiscal affairs of Morgan County, Tennessee, on a cash basis, and the provisions of this Act shall constitute an irrevocable contract with the holders of the bonds issued under the provisions of this Act.

SEC. 20. That authority and power is hereby granted to Morgan County, Tennessee, to make special tax levies for any purpose irrespective of any laws or parts thereof heretofore passed in conflict herewith, in order to carry out the provisions of this Act, and to make any special pledges necessary in connection therewith by and through action of the Quarterly County Court of said County.

SEC. 21. That the holding of any Section or part thereof, or any sub-section, sentence, clause or phrase of this Act, to be void or ineffective for any cause, shall not affect any other Section or part thereof of this Act. It is hereby declared, and shall be conclusively presumed, that this Act and each Section, sub-section, sentence or clause or phrase thereof would have been passed and enacted, irrespective of the fact that any one or more Sections, subsections, sentences, clauses or phrases thereof be declared unconstitutional or void or ineffective for any cause.

SEC. 22. That all laws or parts of laws in conflict with the provisions of this Act be and the same are hereby repealed, and this Act shall take effect from and after its passage, the public welfare requiring it.

Passed: February 15, 1941.

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