Posting a Budget for Borrowed Funds and Annual Appropriations

Dear Reader:

The following document was created from the CTAS website (ctas.tennessee.edu). This website is maintained by CTAS staff and seeks to represent the most current information regarding issues relative to Tennessee county 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 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,

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Reference Number: CTAS-1763

The comptroller’s office accepts the bond or note approval by the county commission as authorization to establish an appropriations budget. It is highly recommended that an official budget be established reflecting the receiving of the borrowed funds along with the expenditure budget. This receipt and expenditure budget would be in either a Capital Project Fund or an Operating Budget. Figure 10 reflects a sample budget being established for the receipts and expenditures of a Highway Capital Project Fund. The annual expenditures of interest and principal are required to be annually appropriated. This appropriation should be reflected in the appropriations resolution and broken down by the respective classification in which the funds were borrowed. Figure 11 reflects an excerpt from an appropriation resolution.

Recommended Practice: An official capital budget should be established and filed with the county legislative body before or after the issuance of debt.

Recommended Practice: A budget amendment may be needed if new indebtedness causes the payment of interest and/or principal in the year of issuance.

![Figure 10]

Excerpt from a part of Section 1 of an appropriation resolution

SECTION 1....

151 GENERAL DEBT SERVICE FUND

<table>
<thead>
<tr>
<th>Account Number</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>82110</td>
<td>Principal-General Government Debt Service</td>
<td>672,295</td>
</tr>
<tr>
<td>82120</td>
<td>Principal-Highway and Street Debt Service</td>
<td>507,061</td>
</tr>
<tr>
<td>82130</td>
<td>Principal-School Debt Service</td>
<td>750,000</td>
</tr>
<tr>
<td>82210</td>
<td>Interest- General Government-Debt</td>
<td>473,968</td>
</tr>
<tr>
<td>82220</td>
<td>Interest- Highway and Street Debt Service</td>
<td>66,039</td>
</tr>
<tr>
<td>82230</td>
<td>Interest- School Debt Service</td>
<td>250,000</td>
</tr>
<tr>
<td>82310</td>
<td>Other Debt Service</td>
<td>15,000</td>
</tr>
</tbody>
</table>

Total General Debt Service Fund: 2,734,363

![Figure 11]