

**RESOLUTION 23-174**

**A RESOLUTION TO ESTABLISH A  
BUDGET POLICY FOR THE CITY OF SPRING HILL, TN**

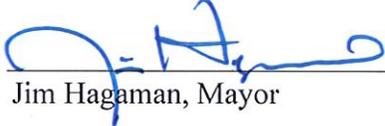
**WHEREAS**, the City of Spring Hill Board of Mayor and Aldermen desire to promote the general fiscal health and financial standing of the city; and

**WHEREAS**, Government Finance Officers Association and the Tennessee Comptroller of the Treasury encourages the adoption of financial policies as part of strategic planning, fiscal responsibility, public engagement and Best Practice initiatives; and

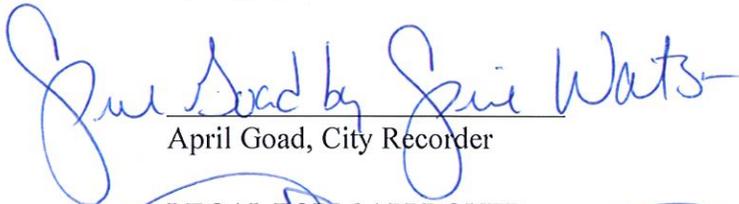
**WHEREAS**, the city previously adopted a Debt and Financial Policy, Purchasing Policy, and Reserve Fund Policy; and

**NOW, THEREFORE BE IT RESOLVED**, that the City of Spring Hill Board of Mayor and Aldermen adopts a Budget Policy for the City of Spring Hill, as labeled as "Exhibit A", and attached hereto.

Passed and adopted by the City of Spring Hill, Board of Mayor and Aldermen on this 5<sup>th</sup> day of September, 2023.

  
\_\_\_\_\_  
Jim Hagaman, Mayor

ATTEST:

  
\_\_\_\_\_  
April Goad, City Recorder

LEGAL FORM APPROVED:

  
\_\_\_\_\_  
Patrick Carter, City Attorney

## City of Spring Hill Policy and Procedures

<b>Budget Policy</b>			
<b>Department</b>	<b>All</b>	<b>Division</b>	<b>All</b>
<b>Original Author</b>	<b>PSJ</b>	<b>Editing Author</b>	
<b>Date of First Adoption</b>		<b>Last Revision Date</b>	
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### Policy:

#### I. General Budget Policy

- a. The fiscal year for the City of Spring Hill is July 1 of each calendar year until June 30, of the following year.
- b. Each fund that expends money must have an adopted budget, which has been adopted in accordance with the Tennessee Municipal Budget Law of 1982, found starting with T.C.A. 6-56-201. This budget shall contain:
  - i. Proposed expenditures for the upcoming year for each Department or fund; the expenditures of the previous year; the estimated expenditures from the current year
  - ii. The current indebtedness, redemption and interest requirements and any debt authorized but not issued.
  - iii. Estimates of all anticipated revenues.
  - iv. Estimates of all fund balances
  - v. Proposed capital projects and spending related to those projects
  - vi. A schedule of authorized positions by department and/or division
- c. Department heads are defined as those individuals identified as members of the Leadership Team as determined by the City Administrator. In the event of the absence or vacancy of a department head, the City Administrator may assign the budget level authority.

#### II. Revenues

- a. All revenues shall be budgeted conservatively.
- b. If there are specific revenues previously dedicated for a specific purpose, those revenues shall be transferred to the appropriate fund or account. For example, Res. 19-40 establishing a 37% dedication of property tax to fund projects in the 18-75 Capital Fund.
- c. Revenues earned by or assigned to a given division should carry the division code of the receiving division.

- d. Non-reoccurring revenue shall not be used for operating expenses, unless it is a grant which has a specific time frame and maintenance provision that permits the city to find funding to maintain the program.

### III. Operating Budget

- a. The Operating Budget shall be adopted at the Department level.
- b. Budget will be control at the Classification Level: Personal Services (51), Contracts (52), Supplies (53-54), Fixed Expenses (55), Debt (56), Transfers (57), and Capital (59).
- c. Department Heads may spend money within the above groupings, including transferring similar expenditures between divisions, where appropriate, without actually transferring the budget.
- d. Budget transfers between Classifications must be approved by the City Administrator.
- e. Budget transfers between Departments must be considered a Budget Amendment and must go through the amendment process through the Board of Mayor and Aldermen.
- f. Budget amendments shall be done periodically throughout the year as necessary.
- g. All expenditures should be accurately accounted for based on its use and type. No expenditures should be coded to a line item to avoid a budget transfer or amendment.
- h. Debt financing is deemed inappropriate for recurring expenses, including current operating costs and routine maintenance expenditures in all funds.

### IV. Capital Improvements Budget

- a. The Capital Improvement Budget shall be adopted at the Project Level, which approximates the Division Level in the Operating Funds.
- b. Any money not spent on a Project shall be uncommitted upon the completion of the project and available for redistribution to other Projects for which the revenue committed is eligible.
- c. The Budget approved for the Project shall be the entirety of the known expenditure.
- d. Purchase orders for expended funds at the end of the fiscal year shall roll over to the future budget years so an accurate cost of the total project may be assessed.
- e. All costs, other than initial investigation of a project, shall be accounted for under the same project code.
- f. Initial Investigation – Feasibility studies, preliminary design or other investigative evaluations may be completed as an expense in the home fund of the project. This is not a requirement and when there is a high likelihood of the project being funded, a project code should be assigned, and these costs should be placed in with the project.

V. Capital Equipment Budget

- a. Any replaceable asset which is depreciated for non-enterprise funds (NEF) shall be funded in the owner's division at the same straight-line depreciation used for the audit.
- b. The funds shall be placed into a fund, entitled Capital Equipment Fund.
- c. These funds shall be accounted for based on the division and type of expense: vehicles, equipment, Furniture and Fixtures, etc.
- d. All replacement assets shall be purchased from the Capital Equipment Fund.
- e. All new assets shall be funded from the appropriate operating budget.
- f. When the asset is purchased, it shall be recorded in the Capital Equipment Fund and depreciated in the year following the purchase.