

RESOLUTION 26-08

**A RESOLUTION OF THE CITY OF SPRING HILL ADOPTING A BUDGET POLICY
AND REPEALING PRIOR ADOPTED BUDGET POLICIES**

WHEREAS, the City of Spring Hill desires to maintain sound fiscal management and accountability in the preparation, adoption, and administration of its annual budget; and

WHEREAS, the City previously adopted a Budget Policy in 2023; and

WHEREAS, the Board of Mayor and Aldermen finds it necessary and appropriate to replace the 2023 Budget Policy with an updated Budget Policy; and

WHEREAS, the Budget Policy attached hereto establishes guidelines for budget preparation, adoption, administration, and review; and

WHEREAS, the City intends that the Budget Policy be reviewed annually and updated as needed to reflect changes in law, financial conditions, or best practices.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF SPRING HILL:

1. The City of Spring Hill hereby adopts the Budget Policy, attached hereto and incorporated into this Resolution.
2. Any Budget Policy previously adopted by the City is hereby repealed and replaced in its entirety by the Budget Policy adopted through this Resolution.
3. This Resolution shall take effect immediately upon its adoption.

ADOPTED this 5th day of January, 2026.



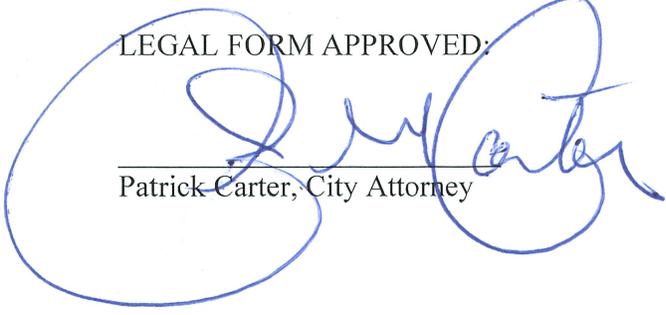
Matt Fitterer, Mayor

ATTEST:



April Goad, City Recorder

LEGAL FORM APPROVED:



Patrick Carter, City Attorney

STAFF MEMORANDUM

TO: Board of Mayor and Aldermen
FROM: Rebecca Holden, Finance Director
DATE: 1/5/2026
SUBJECT: Updated Budget Policy for Board Review and Adoption

RECOMMENDATION:

Staff respectfully recommends that the Board of Mayor and Aldermen adopt the updated Budget Policy as presented, effective January 5th, 2026, thereby superseding Resolution 23-174.

PURPOSE:

The purpose of this memorandum is to formally present the City of Spring Hill's updated Budget Policy for review and adoption by the Board of Mayor and Aldermen. Upon adoption, this policy will become effective January 5th, 2026, and will supersede Resolution 23-174 (September 5, 2023).

BACKGROUND:

The City's Budget Policy was last adopted in September 2023. Since that time, the City's budgeting processes and reporting requirements have continued to evolve. In addition, updated guidance has been issued by the Tennessee Comptroller of the Treasury, Division of Local Government Finance.

The updated Budget Policy was developed to ensure that the City's written policy:

- Accurately reflects current budgeting and amendment practices,
- Clearly defines roles and responsibilities across Departments, City Administration, Finance, and the Board,
- Strengthens internal controls related to budget execution and amendments, and
- Maintains full compliance with Tennessee law and Comptroller guidance.

OVERVIEW OF KEY POLICY ELEMENTS:

While the updated policy maintains the City's existing budgeting structure, it provides additional clarity and formalization in several areas, including:

- **Legal Authority and Compliance**
Explicit references to applicable Tennessee Code sections governing budget adoption, hearings, amendments, and debt service requirements.
- **Roles and Responsibilities**
Clear delineation of responsibilities among Departments, the City Administrator, Finance, and the Board of Mayor and Aldermen throughout the budget cycle.



CITY OF SPRING HILL

199 Town Center Pkwy, PO Box 789, Spring Hill TN, 37174

931-451-0782

rholden@springhilltn.org

- **Operating Budget Controls**

Confirmation that budget control is maintained at the departmental and major classification level consistent with the Tennessee Comptroller's Uniform Chart of Accounts, with administrative transfers limited in scope and Board approval required for interdepartmental or interfund changes.

- **Capital Improvements Budget Standards**

Adoption of project-level budgeting and tracking for capital improvements, including carryforward of ongoing project budgets and consistent accounting of total project costs.

- **Budget Amendments and Monitoring**

Establishment of a quarterly budget amendment process, defined submission requirements, and clear expectations for funding source identification and financial impact analysis.

- **Annual Policy Review**

This Budget Policy shall be reviewed annually by the Finance Department and City Administration to ensure continued compliance with applicable laws, regulations, and guidance, as well as alignment with the City's budgeting practices and organizational needs. Any recommended revisions shall be presented to the Board of Mayor and Aldermen for consideration and adoption.

These updates are intended to improve transparency, consistency, and accountability without expanding spending authority or reducing Board oversight



CITY OF SPRING HILL

199 Town Center Pkwy, PO Box 789, Spring Hill TN, 37174

931-451-0782

rholden@springhilltn.org

City of Spring Hill, Tennessee

BUDGET POLICY

Adopted by: Board of Mayor and Aldermen

Effective Date: January 5th, 2026

Supersedes: Resolution 23-174 (September 5th, 2023)

1. PURPOSE & AUTHORITY

1.1. Purpose

This policy establishes the framework and procedures governing the preparation, adoption, execution, monitoring, and amendment of the City's annual budget. It ensures fiscal discipline, transparency, and accountability while maintaining compliance with Tennessee state law and the guidelines of the Tennessee Comptroller of the Treasury, Division of Local Government Finance (LGF).

1.1. Legal Authority

- 1.1.1. TCA §9-21-403 requires each local government to adopt an annual budget and submit it to the Tennessee Comptroller for approval.
- 1.1.2. Municipal Budget Law of 1982 (TCA §6-56-201 et seq.) outlines minimum requirements for municipal budget adoption, hearings, and amendments.
- 1.1.3. TCA §6-56-206 requires a public hearing and publication of the proposed budget at least 10 days before adoption.
- 1.1.4. TCA §6-56-208 & 209 authorize the governing body to amend the budget ordinance and delegate limited transfer authority to the budget officer.
- 1.1.5. TCA §9-21-403 prohibits reducing appropriations for debt service below required levels.

This policy aligns with the Tennessee Comptroller's Local Government Budget Manual (June 2025) and Municipal Budget Submission Checklist.

2. ROLES & RESPONSIBILITIES

2.1. Board of Mayor and Aldermen

- 2.1.1. Conduct hearings, review, and adopt the annual budget and tax levy ordinances.
- 2.1.2. Approve quarterly amendments and receive periodic financial reports.
- 2.1.3. Review this policy periodically and approve updates.

2.2. City Administrator

- 2.2.1. Lead and coordinate the citywide budget process.
- 2.2.2. Review departmental submissions and assist in preparing the proposed budget for BOMA.
- 2.2.3. Provide the annual budget message outlining key priorities, challenges, and fiscal strategy.
- 2.2.4. Review and authorize all proposed budget amendments and funding requests prior to their submission to the Board of Mayor and Aldermen to ensure alignment with fiscal policy and organized priority.
- 2.2.5. Review this policy periodically and approve updates.

2.3. Finance Department

- 2.3.1. Issue the annual budget calendar, instructions, and forms.
- 2.3.2. Prepare revenue estimates, debt schedules, and capital project summaries.
- 2.3.3. Consolidate departmental requests and ensure balanced fund budgets.
- 2.3.4. Prepare the formal appropriation ordinance and all Comptroller-required attachments.
- 2.3.5. Submit the adopted budget to the Comptroller within 15 days of adoption.
- 2.3.6. Monitor expenditures and revenues, ensuring compliance with appropriations.
- 2.3.7. Manage the quarterly budget amendment process.

2.4. Departments / Department Heads

- 2.4.1. Prepare budget requests in the format and timeline prescribed by Finance.
- 2.4.2. Monitor actual vs. budget performance and provide variance explanations.
- 2.4.3. Submit amendment and transfer requests in writing with justification and funding sources via form.

3. BUDGET CONTENT & FORMAT

Each fund budget shall be prepared in accordance with the guidance of the Tennessee Comptroller of the Treasury, Division of Local Government Finance, and any other applicable state or legal requirements governing municipal budgeting and financial reporting.

3.1. Revenues

- 3.1.1. All revenues shall be budgeted using a conservative and evidence-based approach to ensure fiscal stability and compliance with all state guidance.
- 3.1.2. Dedicated or restricted revenues shall be deposited and maintained in the appropriate fund or account for their intended purpose in accordance with applicable resolutions, ordinances, or legal requirements.
- 3.1.3. Revenues earned by or assigned to a department or division shall be recorded using the appropriate fund and departmental code to ensure transparency, accountability, and accurate reporting in the City's financial system.
- 3.1.4. Nonrecurring or one-time revenues (e.g., grants, settlements, asset sales) shall not be used to support recurring operating expenses or personnel costs. Such revenues may be used only for one-time capital or non-recurring expenditures, unless the funding source includes a defined term and a maintenance provision allowing for sustainable continuation of the program.

3.2. Operating Budget

- 3.2.1. The Operating Budget shall be adopted and controlled at the departmental level, with appropriations presented and monitored by major expenditure classifications as defined by the Tennessee Comptroller of the Treasury's Uniform Chart of Accounts and any other applicable legal guidance.
- 3.2.2. Budget control shall be maintained at the classification level.
- 3.2.3. Department Heads may expend funds within their approved division budgets and within the same classification grouping, provided such expenditure remains consistent with the purpose of the original appropriation. Transfers within the same division and fund may be approved administratively by the Budget & Performance Manager with review and signature by the Finance Director.

- 3.2.4. Budget transfers between departments or funds shall be considered Budget Amendments and must be presented to the Board of Mayor and Aldermen (BOMA) for approval during the next scheduled quarterly amendment cycle.
- 3.2.5. All expenditures must be accurately coded to the appropriate line item based on their purpose and classification. Coding expenditures to circumvent a budget transfer or amendment is prohibited.
- 3.2.6. Debt financing shall not be used for recurring operating expenses, salaries, or routine maintenance. Debt shall be reserved exclusively for long-term capital improvements or one-time capital investments.

3.3. Capital Improvements Budget

- 3.3.1. The Capital Improvements budget shall be adopted at the project level, consistent with the City's Capital Improvement Plan (CIP) and the guidance of the Tennessee Comptroller's Division of Local Government Finance. Each project appropriation shall represent the full estimated cost of the project.
- 3.3.2. Funds appropriated for a project shall remain committed to that specific project until completion or formal reallocation through the budget amendment process. Upon project completion, any unexpended funds shall be de-obligated and may be reprogrammed for other eligible capital projects by amendment approved by the Board of Mayor and Aldermen.
- 3.3.3. The adopted project budget shall include the entirety of all known and anticipated expenditures, including design, engineering, acquisition, construction, contingency, and administrative costs necessary to complete the project.
- 3.3.4. Budget for ongoing capital projects at fiscal year-end shall roll forward into the next fiscal year to ensure accurate accounting of total project costs.
- 3.3.5. All project costs, other than preliminary investigation or feasibility work, shall be recorded and tracked under the assigned project code for the life of the project.
- 3.3.6. Preliminary and feasibility studies, including conceptual design or investigative evaluations, may be charged as expenses in the home fund when project funding is uncertain. When a project has a high likelihood of being funded, a project code shall be established, and all related costs shall be recorded within that project's financial records.
- 3.3.7. All capital projects shall comply with the City's Capital Improvement Plan, Purchasing and Procurement Policy, and applicable state laws regarding contracting and debt issuance.

4. BUDGET EXECUTION & MONITORING

- 4.1. Departments must operate within their appropriations. No expenditure may exceed an approved line item or departmental total without an approved amendment.
- 4.2. Finance will produce monthly budget-to-actual reports for Board of Mayor and Alderman review.
- 4.3. Transfers within the same fund and division may be approved by the Finance Director. All such transfers must be reported at the next Board of Mayor and Alderman meeting.
- 4.4. Encumbrances will be recorded for outstanding purchase orders to ensure budgetary control.
- 4.5. Unspent appropriations revert to fund balance unless reappropriated through an amendment.

5. BUDGET AMENDMENTS

5.1. Frequency and Process

Budget amendments will be processed quarterly at the end of each fiscal quarter. Department requests must be submitted to Finance according to the budget amendment calendar set by Finance each year.

5.2. Amendment Scope

- 5.2.1. Administrative Transfers: Within the same fund and department, may be approved by Finance if there is no change to total appropriations.
- 5.2.2. BOMA Amendments: Required for any change across funds, departments, or major categories; for personnel changes; or for new capital items.
- 5.2.3. Emergency Amendments: Allowed outside the quarterly schedule with documented justification (e.g., disaster, public safety), subject to BOMA ratification.

5.3. Submission Requirements

All amendment requests must include:

- 5.3.1. Written justification and purpose.
- 5.3.2. Cost breakdown (personnel, operating, capital, etc.).
- 5.3.3. Funding source(s): reallocation, fund balance, grants, etc.
- 5.3.4. Impact analysis on reserves and cash flow.

5.4. Approval & Reporting

- 5.4.1. Finance consolidates requests and prepares a summary amendment ordinance for BOMA.
- 5.4.2. All amendments are adopted by ordinance or resolution and published for transparency.

6. FUND BALANCE & RESERVES USAGE

- 6.1. Use of reserves requires BOMA approval and should be limited to one-time or emergency needs.
- 6.2. Carryforward of unspent capital appropriations requires approval during the first amendment of the subsequent fiscal year.

7. POLICY REVIEW & REVISION

- 7.1. This policy shall be reviewed by Finance and the City Administrator at least every year or sooner as required by changes in law or guidance.
- 7.2. Proposed revisions must be submitted to BOMA for adoption.

8. EFFECTIVE DATE & SUPERSESSION

- 8.1. This Budget Policy is effective upon adoption and supersedes any prior policies or conflicting provisions related to budget development, management, and amendments.

APPENDIX A – REFERENCES

1. Tennessee Comptroller's Local Government Budget Manual (latest edition)
2. Municipal Budget Submission Worksheet & Checklist
3. TCA §6-56-201 et seq. (Municipal Budget Law of 1982)
4. TCA §9-21-403 (Debt and Budget Requirements)
5. MTAS & CTAS Guidance on Budget Amendments and Transfers

City of Spring Hill Policy and Procedures

Budget Policy			
Department	All	Division	All
Original Author	PSJ	Editing Author	
Date of First Adoption		Last Revision Date	
Page of Pages	1 of 2		

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 for dedicated for a specific purpose, those revenues shall be transferred to the appropriate fund or account, such as the existing 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).
- ~~e. 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.~~