

City of Crossville, TN  
Budget Monitoring Policy

**1. Purpose**

The purpose of this policy is to establish consistent procedures for monitoring, reporting and controlling the budget to ensure fiscal responsibility, transparency and compliance with Tennessee statutes governing municipal finance.

**2. Scope**

This policy applies to all departments, boards and agencies of the City of Crossville, and covers all subject to inclusion in the annual budget ordinance, including general, special revenue, capital projects, enterprise and grant funds.

**3. Responsibilities**

**3A. *Governing Body***

1. Adopt the annual budget ordinance and any subsequent amendments.
2. Review monthly budget performance reports.
3. Ensure compliance with state reporting and audit requirements.

**3B. *City Manager***

1. Enforce compliance with the adopted budget.
2. Ensure all expenditures are authorized and within available appropriations.

**3C. *Finance Director***

1. Present monthly financial reports to the governing body.
2. Recommend budget amendments when necessary.
3. Maintain accurate and timely budgetary accounting records.
4. Conduct ongoing budget-to-actual analysis for revenues and expenditures.
5. Monitor grant budgets and ensure compliance with funding requirements.
6. Notify the City Manager and council of any projected shortfalls.

**3D. *Department Heads***

1. Operate within approved budget allocations
2. Review monthly budget reports for their departments

3. Request budget transfers or amendments as needed through the Finance Department.

#### **4. Budget Monitoring Process**

##### ***4A. Frequency of Review***

Monthly Monitoring: The Finance Department will prepare monthly budget-to-actual reports for internal management review.

##### ***4B. Variance Analysis***

1. Departments must review significant variances (typically  $\pm 10\%$  of budgeted amounts or as defined by ordinance).
2. Variances must be explained and correct action plans developed if needed.

##### ***4C. Budget Adjustments and Amendments***

1. Transfers between line items within the same department may be approved by the City Manager or Finance Director, provided they do not increase total departmental appropriations.
2. Any increase to a fund's total appropriations must be approved by council via a formal budget amendment.
3. All amendments must comply with T.C.A. §9-3-511 (Budget Adjustments)

##### ***4D. Encumbrances and Commitments***

1. Encumbrances accounting shall be used to track commitments and prevent overspending.
2. No purchase order or contract shall be issued unless sufficient budget authority exists.

##### ***4E. Year-End Monitoring***

1. The Finance Department will perform a pre-closing budget review to identify potential overruns.
2. Departments must ensure all expenditures are properly recorded and obligations liquidated before fiscal year-end.

**5. Compliance**

Failure to comply with this policy may result in corrective action or disciplinary measures in accordance with the City's personnel policy. No department shall incur expenditures or commitments in excess of its approved appropriations.

**6. Policy Review and Updates**

This policy shall be reviewed at least every two years by the Finance Department and any recommended revisions shall be submitted to the governing body for approval.

**ADOPTED AND APPROVED, this \_\_\_\_\_<sup>th</sup> day of \_\_\_\_\_, 2025**

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk,

\_\_\_\_\_  
SEAL OF THE CITY