

**Tenn. Code Ann. § 49-3-316**

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\*\*\* Current through the 2015 Regular Session \*\*\*

Title 49 Education  
Chapter 3 Finances  
Part 3 Tennessee Education Finance Act of 1977

Tenn. Code Ann. § 49-3-316 (2015)

**49-3-316. Local fiscal accounting.**

**(a) (1)** The commissioner, in consultation with the comptroller of the treasury, shall develop, revise as necessary and prescribe a standardized system of financial accounting and reporting for all LEAs, including appropriate forms or other documentation. This system shall be designed to facilitate year-to-year and agency-to-agency comparison, as well as adequately indicating the sources and uses of all funds received by each LEA. The commissioner shall review the fiscal public school records in all LEAs to the end that the expenditure of funds, whether for current operation and maintenance purposes, capital outlay purposes and other school purposes, shall be properly accounted for and safeguarded.

**(2)** Each LEA shall, within thirty (30) days after the beginning of each fiscal year, submit to the commissioner a complete and certified copy of its entire school budget for the current school year.

**(3)** Each LEA shall, on or before August 1 of each year, submit to the commissioner a correct and accurate financial report of the receipts and expenditures for all public school purposes in the LEA during the school year ending on June 30 next preceding the August 1 set forth in this part.

**(4)** On or before July 15 of each school year, the county trustee of each county or the treasurer or fiscal agent of any other LEA shall submit to the commissioner a complete certified copy of the financial report of the respective LEA.

**(5)** Each LEA shall deliver to the commissioner, within ten (10) days of receiving the audit report, a copy of the audit report required by law to be made of the school funds of the LEA.

**(6)** No distribution of state funds shall be made to any LEA that has not furnished the commissioner with all records and reports required by this part and by other laws for the current or the preceding school year.

**(7)** Any records or reports provided to the commissioner by any LEA shall be made available to the comptroller of the treasury upon request.

**(b) (1)** Each board shall issue school warrants or checks on or before June 30 of each fiscal year, for all contracts and other fiscal transactions for current operation and maintenance purposes for the current school year that have been completed by June 15 of the current school year.

**(2)** Outstanding school warrants and obligations of a preceding school year or years shall not be paid out of either the state education funds for the current school year or the local funds required to be raised during the

current fiscal year for participation in the state funds.

(3) State education funds received by an LEA shall be used exclusively for the operation and maintenance of the schools during the fiscal year, unless otherwise provided by law.

(c) (1) Should it develop that by error an allocation of funds has been made to any LEA not entitled to receive the funds by virtue of a failure to comply with the requirements of this part, or otherwise, or if it should develop that more funds have been distributed to any LEA than the LEA is entitled to receive under this part, the amount erroneously distributed shall be returned to the state treasury by the LEA; and upon a failure to do so, the commissioner shall retain and withhold the amount from any funds available for distribution to the LEA in the current or any subsequent school year.

(2) If any school funds are misappropriated or illegally expended by an LEA, an amount equivalent to the funds misappropriated or illegally expended shall be returned to the proper school fund; and upon a failure to do so, the commissioner may retain and withhold the amount from any funds available for distribution to the LEA in the current or any subsequent school year.

(d) (1) In the event that the local fiscal body has not adopted a budget for the operation of the public schools by July 1 of any year, the school budget for the year just ended shall continue in effect until a new school budget has been approved.

(2) However, expenditures mandated by this part and implemented by rules, regulations and minimum standards of the state board shall be incorporated into this continuing budget.

(3) Any continuing budget adopted by the local fiscal body shall not be valid beyond October 1 of the current fiscal year for purposes of the LEA's eligibility to receive state school funds.

**HISTORY:** Acts 1977, ch. 289, § 13; T.C.A., § 49-615; Acts 1988, ch. 936, § 1; 2000, ch. 639, §§ 1, 2.