



County Technical Assistance Service  
INSTITUTE *for* PUBLIC SERVICE

July 03, 2024

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# Financial Management System

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Please feel free to contact us if you have questions or comments regarding this information or any other CTAS website material.

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# Financial Management System

## Private Acts of 2002 Chapter 113

**SECTION 1.** This act shall be known and may be cited as the Financial Management System of the County of Sumner, Tennessee of 2002".

**SECTION 2. Definitions.** As used in this act, unless the context otherwise requires:

- (1) "Committee" means the county financial management committee;
- (2) "Department" means the finance department;
- (3) "Director" means the director of the finance department; and
- (4) "Local education agency," "LEA," "school system," "public school system," "local school system," "school district," or "local school district" means the Sumner County school system created or authorized by the general assembly of the State of Tennessee.

**SECTION 3. Finance department - General provisions [Exclusion from coverage of Act].**

(a) (1) There is hereby created a finance department to administer the finances of the county for all funds of the various departments, agencies and boards which are handled by the county trustee.

(2) The accounting, bank accounts, personnel and salary policies, and other policies of the funds and offices of the clerks of courts, county clerk, register of deeds, sheriff and trustee, which were not subject to the budgeting authority of the county legislative body prior to application of this act, are not subject to the provisions of this act. This act shall not be construed as authority over the fee and commission accounts of other accounts that are not handled by the trustee for offices other than the trustee nor for the trustees fee and commission account. This act shall not be construed as authority over personnel policies or procedures or salaries of the various county offices or departments, except with respect to requiring necessary recordkeeping and reporting needed for performing the payroll functions as prescribed by the finance committee.

(b) The finance department shall be responsible for purchasing, accounting, budgeting, payroll, cash management and other such financial matters of the county as herein provided.

(c) All employees, except employees of the LEA, performing the functions of purchasing, payroll, accounting and budgeting in the various operating departments shall be under the supervision of the director of finance, and such salaries, benefits and expenses relating to such personnel shall be budgeted under the finance department, notwithstanding any other law to the contrary. LEA employees performing such functions shall remain under the supervision of the director of schools.

(d) (1) The department shall establish a system of fiscal management, control, accounting, budgeting, purchasing and cash management as herein provided.

(2) Such system shall conform to generally accepted principles of governmental accounting and shall be in substantial agreement with the recommendations of the national council of governmental accounting, and the rules and regulations established by the comptroller of the treasury, commissioner of education and state law.

(e)(1) Notwithstanding any provision of this act to the contrary, to the extent not prohibited by Tennessee Code Annotated, Title 49, Chapter 2 and Section 5-9-407 or any other provision of general law, the county legislative body may authorize, by two thirds (2/3) majority vote, the LEA or county highway department to perform any of the functions or provisions required under the provisions of this act affecting or related to the LEA or county highway department, respectively. In the event the LEA or county highway department is authorized to perform such functions, the county legislative body shall designate in writing the office of the LEA or county highway department, respectively, that is responsible for compliance with the provisions of this act relative to the functions assigned and in addition may establish, after allowing the financial management committee to submit recommendations, financial procedures and reporting requirements to include, but not to be limited to, the following:

- (A) Monthly financial reports;
- (B) Approval of the required annual audit contract with a licensed Tennessee certified public accountant and the reports presented in such audit;
- (C) Inspection of records, bank statements and other financial records and
- (D) Approval of the annual budget by the county legislative body prior to the beginning of the fiscal year.

(2) If the LEA or highway department is authorized to perform the functions of this act in accordance with subdivision (1), the county legislative body may by two-thirds (2/3) majority vote withdraw such authorization from the LEA or highway department. Upon voting to withdraw such authority granted to such LEA or highway department as provided under subdivision (2), implementation of the provisions of this act with respect to the LEA or highway department shall begin no later than the beginning of the next fiscal year.

**SECTION 4. Financial management committee – General provisions.**

(a) A financial management committee is hereby created.

(b) (1) The committee shall consist of the county executive, supervisor of highways, director of schools, and four (4) members elected by the county legislative body at its regular September session of each year or at any subsequent session.

(2) The four (4) members shall be members of the county legislative body. If the finance department performs no functions for the highway department or the education department, then the superintendent of highways or the director of schools, respectively, shall not be a member of the committee and the sheriff shall be named to that committee.

(c) Such committee shall elect its own chair and shall meet from time to time as it may deem necessary for the discharge of its duties as provided herein.

(d) The director shall be the ex officio secretary of such committee.

(e) (1) The committee shall establish and approve policies, procedures and regulations in addition to the specific provisions of this act, for implementing a sound and efficient financial system for administering the funds of the county.

(2) Such system shall include budgeting, accounting, purchasing, payroll, cash management and such other financial matters necessary to an efficient system.

As amended by: Private Acts of 2003, Chapter 26.

**SECTION 5. Special committees – General provisions.**

(a) The county legislative body may authorize the committee to assume the functions of any or all of the following special committees or the county legislative body may by resolution create:

- (1) A budget committee;
- (2) An investment committee; or
- (3) A purchasing committee.

(b) The special committees shall be composed of a minimum of five (5) members appointed by the county legislative body. The members of such committees shall be members of the county legislative body.

(c) The director shall be the ex officio secretary of each such committee.

(d) The budget committee shall establish and approve policies, forms and documents, procedures, and regulations necessary for the preparation of the annual operating and capital improvement budgets.

(e) The investment committee shall establish and approve policies and procedures for cash management and investing idle cash funds in various investments as prescribed by law.

(f) The purchasing committee shall establish and approve policies and procedures for the purchasing of all supplies, equipment or goods for the county.

**SECTION 6. Director – Appointment and compensation.**

(a)

(1) The committee shall recommend the appointment of the director subject to ratification by the county legislative body.

(2) The committee may dismiss the director, subject to the approval of the county legislative body.

(3) The director shall for all purposes be an employee of the county.

(b)

(1) The director shall have a minimum of a bachelor of science degree from an accredited college or university. Such person shall have had at least eighteen (18) quarter hours or equivalent semester hours in accounting.

(2) The committee may select a person not having a bachelor of science degree or having a sufficient number of hours in account; provided, that such person has at least two (2) years of acceptable experience in a related position or

an equivalent number of other related courses.

(c) The establishment of the compensation of the director shall be recommended by the committee and approved by the county legislative body.

**SECTION 7. Director – Duties.**

(a) The director shall oversee the operation of the department in the functions established by this act, and shall be responsible for the implementation of the policies of the committee or such special committees established by the county legislative body.

(b) The director shall, among the director's duties, install and maintain a purchasing, payroll, budgeting, accounting and cash financial management system for the county.

(c) The director shall assist other county officials and employees in achieving an efficient financial management system for the county.

(d) The director has the authority to hire personnel for the finance department; provided, that the positions are funded in the annual budget and the personnel so hired meet the written job requirements as recommended by the director and approved by the committee.

(e) The director shall be responsible for ensuring all applicable federal, state and county laws that apply to the finance department are complied with and shall immediately notify the county attorney and the financial management committee of any discrepancies noted.

**SECTION 8. Director – Deputy.**

(a) A person employed by the finance department shall be recommended by the director and approved by the committee to serve as deputy director of finance.

(b)

(1) The person employed for this position shall perform such duties and responsibilities as assigned by the director.

(2) In the absence of the director, the deputy director shall perform the duties of the director necessary to the continued operation of the department, including, but not limited to, the cosigning of warrants, payroll checks and purchase orders.

**SECTION 9. Director – Bond.**

(a) The director shall execute a blanket bond in an amount of not less than fifty thousand dollars (\$50,000) for the faithful performance of the director's duties as director and of the department employees in accordance with the general law for such bonds.

(b) The cost of such bond shall be paid from funds appropriated to the department for such purpose.

(c) The amount of such bond may be increased subject to the approval of the committee, and additional appropriations by the county legislative body.

(d) The bond shall be prepared in accordance with the provisions of Tennessee Code Annotated, Title 8, Part 19, approved by the county legislative body, recorded in the office of the county register of deeds and transmitted to the comptroller of the treasury for safekeeping.

**SECTION 10. Budget – Preparation and committee review.**

(a) The budget committee, in conjunction with the director shall, on or before February 1 of each year, prescribe the budgetary procedures, forms, calendar and other information as may be necessary to implement the budgetary procedures contained in this act.

(b) Each department or office of county government shall submit on request of the budget committee a proposed budget for the succeeding fiscal year and such other budgetary information requested by the director of the budget committee.

(c)

(1) The director shall prepare from the information submitted to such director a consolidated budget document.

(2) Such document shall show by item the amounts estimated by the various departments and officials to be required for the efficient operation of the county government from the county general fund, the debt service funds, highway funds, school funds and all other funds.

(3) Such document shall show an estimate of the revenues to be received by each of the funds during the next fiscal year and an estimate of the unencumbered fund balance of each of such funds at the beginning of the fiscal year.

(d)

(1) The director shall file the consolidated budget with the budget committee.

(2) The budget committee shall review and present the recommended budget to the members of the county legislative body at least ten (10) days prior to the July meeting.

(3) Such budget shall contain an itemized and classified plan of all proposed expenditures and estimated receipts for the ensuing fiscal year as submitted by each department, office or agency and recommended by the budget committee, and shall conform to the uniform classification of accounts established by the director in accordance with the prescribed state uniform accounting system.

(4) It is expressly provided that the classification of expenditures and receipts of any and all county school funds for any purpose, administered by the county board of education and county superintendent of schools, shall conform to the classification of accounts as prescribed by the commissioner of education.

(5) The budget committee shall fully provide in the budget for all requirements for debt service, interest and bond maturities and for any cash deficit in any fund at the beginning of the fiscal year, and shall propose a tentative tax rate to fund such budget. The budget committee shall fully provide for any courtordered expenses, including, but not limited to, deputies' and assistants' salaries authorized by court order pursuant to Tennessee Code Annotated, Title 8, Part 20. The budget, when adopted, shall appropriate funds to fully comply with such court order. The county legislative body shall adopt any budget amendment necessary to implement the provisions of such court order.

**SECTION 11. Budget – Hearings – Supporting documents – County action.**

(a) (1)

(A) At least ten (10) days before the proposed budget is to be presented to the governing body, the budget committee shall cause to be published in a newspaper of general circulation the proposed annual operating budget.

(B) This budget shall contain a budgetary comparison for the following governmental funds:

(i) General:

(ii) Highway/public works;

(iii) General purpose school fund; and

(iv) Debt service that shall include comparisons of the proposed budget with the current year and the prior year.

(C) The budgetary comparisons shall be by individual fund and shall summarize revenues by local taxes, state of Tennessee, federal government and other sources. Expenditures shall be summarized by salaries and other costs. The budgetary comparison shall also present beginning and ending fund balances and the number of employee positions.

(b) The budget committee shall present the budget to the county legislative body at the regular July meeting each year or at a special session called for this purpose prior to the regular July meeting.

(c) The proposed budget shall be accompanied by a budget message explaining the financial program and outlining the services, work and activities to be financed by the proposed budget and a brief discussion of the means proposed for financing the expenditure program set forth in the budget.

(d) With the proposed budget, the budget committee shall deliver to the county legislative body a budget appropriation resolution and a tax levy resolution.

(e)

(1) The county legislative body may alter or revise the proposed budget except as to provision for debt service requirements and for other expenditures required by law.

(2) The county legislative body shall finally adopt a budget in July.

(f)

(1) After the adoption of the budget, any county department, agency or official shall be entitled to a hearing before the county legislative body to justify any proposed additional requests or budget estimates.

(2) The director may make quarterly allotments to any department, agency or official seeking a budget hearing in an amount not in excess of that approved in the budget for such quarter.

(3) Upon amendment of the budget, the director shall make a supplemental allotment or impound the funds of any department, agency or official to bring such appropriations in line with the amended budget.

(g) The budget, the appropriation resolution, and the tax levy resolution, as adopted, shall be spread upon the minutes of the county clerk.

**SECTION 12. Appropriations – Later modifications – Impounding.**

(a) The appropriations made in the appropriation resolution, or any amendment thereto, shall constitute the limit to expenditures for the various purposes and from the several funds of such county for the fiscal year covered by the resolution, and no expenditure shall be made or obligation created in excess of such limitation.

(b) Any resolution presented to the county legislative body in any fiscal year, after the original appropriation resolution has been adopted and the tax rate for the year fixed by the county legislative body, which provides for an appropriation in addition to those made in the original budget appropriation, shall specifically provide by tax levy sufficient revenues, or designate the source of funds to meet expenditures to be made in consequence of such additional appropriation.

(c)

(1) If at any time during the fiscal year it shall become apparent that the revenues of any of the county's funds, together with its unencumbered cash balance at the beginning of such year, will not be sufficient to equal the amount of the original appropriations, it shall be the duty of the director to impound the appropriations from such fund in such amount as shall be necessary to balance such account. Nevertheless, the impoundment power provided by this section

shall not apply to the funds appropriated to the offices of trustee, county clerk, assessor of property, clerks of courts, register of deeds or sheriff.

(2) Upon the written approval of the committee, such impounded funds shall be released;

### **SECTION 13. Expenditures – Minor adjustments.**

(a) The appropriations made by the county legislative body shall constitute authorization for the expenditures contained therein unless otherwise limited by the county legislative body.

(b) Expenditures may be made and obligations created against any appropriation to an aggregate total of the amount appropriated by line item.

(c) The expenditures and encumbrances against the amounts appropriated shall be made only upon an order or authorization issued by the department.

(d) No expenditures made or obligations created in any manner shall be valid or binding against the county except as provided by the provisions of this act.

(e)

(1) The budget committee, with the consent of any official or head of any department or division which may be affected, may make transfers and adjustments within the smallest budgetary itemization of any subdivision.

(2) Any other transfers or adjustments shall be submitted to the budget committee for its recommendation to the county legislative body.

### **SECTION 14. Monthly reports.**

(a)

(1) The director shall make a report at the end of each month showing the condition of the budget.

(2) Such report shall show for each item of appropriation, or allotment thereof, the total expenditures for the month and the year to date, the amount of outstanding encumbrances and the amount of the unencumbered balance.

(3) Such report shall also show for each fund an itemized statement of the revenues and receipts estimated for the year, the amount of the collections of each item for the month and the year to date and the unrealized portion of the estimate.

(b) Each department head, elected official and board member shall be furnished copies of monthly reports for their respective departments as soon as the same are available.

(c)

(1) The most recent of such reports shall be presented by the director at each regular session of the county legislative body.

(2) At such time, the director shall advise the county legislative body of the condition of the budget, and of any adjustment or reduction of appropriations which should be made, and shall recommend any other action which, in the director's opinion, the county legislative body should take in order that the financial condition of the county is not impaired.

### **SECTION 15. Accounting system – Preaudit of invoices, etc.**

(a) There shall be set up and maintained in the department a system of fiscal procedure, control and centralized accounting which shall be under the administrative control and direction of the

director except as provided for in subsection (e) of Section 3. The procedures and records shall be maintained in accordance with provisions of Tennessee Code Annotated, Section 5-21-103©).

(b)

(1) Before any obligation against the county shall be paid or any disbursement warrant or voucher issued, a detailed invoice, receivable copy of the purchase order, or such document indicating receipt of merchandise or service should be approved by the head of an office, department or agency for which the obligation was made and be filed with the director.

(2) The director shall establish a system for making a careful preaudit of such invoice, purchase order, or other documents, including a comparison with any encumbrance document previously posted or filed authorizing such obligation, and shall approve for payment only such items as appear to be correct, properly authorized, and not exceeding the otherwise unencumbered balance of the allotments or appropriations against which they are chargeable.

(3) Disbursement warrants shall be promptly prepared for all such approved obligations by the director, signed in accordance with Tennessee Code Annotated, Section 5-21-116 and mailed or delivered to the payees thereof.

#### **SECTION 16. Disbursement warrants.**

(a) All disbursement warrants drawn on the county trustee for the obligations of all county departments, agencies, and officials, including the county executive, shall be signed as provided herein.

(b)

(1) Except as provided for in subsection (e) of Section 3, the disbursement warrants shall be prepared in the finance department, and provided to each department for signing.

(2) Upon the signing of such warrant by the finance department, the department head signing the disbursement warrant shall keep one (1) copy for filing in such department.

(3) The original and all other copies of such warrant shall be returned to the director for such director's signature as a cosigner and for filing and mailing from the finance department.

(4) A duplicate copy of all disbursement warrants, with all original invoices and other supporting documents attached thereto, shall be kept on file in the office of the director.

(c)

(1) In lieu of each department agency or official signing disbursement warrants, the departments may authorize the director to use a signature plate in accordance with the general law and approval by the comptroller of the treasury.

(2) If such signature plate is used, it shall be locked in a safe place when not in use and supervised by the person responsible for its safekeeping when in use.

(3) A record shall be maintained indicating when the signature plate is used, numbers of the warrants signed, and the person using such plate.

#### **SECTION 17. Payroll account.**

(a) The committee shall maintain a special county payroll account at a bank, in which disbursement warrants for the total of each payroll shall be deposited and against which individual net earning checks may be issued to each of the county employees.

(b) The committee may authorize the issuance of such payroll checks on the signature of the director and, in such event, the depository bank shall be so instructed.

#### **SECTION 18. Director as purchasing agent.**

(a) The director or a deputy appointed by the director shall serve as the county purchasing agent and shall assist the committee in developing policies and procedures for implementing an economical and efficient purchasing system.

(b)

(1) Upon the recommendation of the committee and approval of the county legislative body or as authorized by the county legislative body, a separate purchasing department may be established with a person hired as purchasing agent for the county.

(2) In the event a separate purchasing department is established and a purchasing agent is hired, all duties and responsibilities relative to purchasing shall be removed from the director.

#### **SECTION 19. Purchasing System.**

(a) The committee, with the assistance of the purchasing agent, shall establish a purchasing system



for the county.

(b) Such system shall provide, among other procedures, the following:

- (1) Review of all contracts or purchases for biddable supplies, materials, equipment, and other needs of the county, shall be made by the purchasing agent;
- (2) No purchase or contract shall be made when the bid prices exceed the current market price for the same merchandise or service;
- (3) Purchases and contracts shall be awarded based on the lowest and best bid;
- (4) Specifications development shall be made by the department, agency or official to receive the merchandise, construction or service;
- (5) The purchasing agent shall:
  - (A) Review specifications and changes to allow for maximum competition of prospective bidders;
  - (B) Prepare formal and informal bids;
  - (C) Collect sealed bids;
  - (D) Open bids through a procedure open to the public;
  - (E) Evaluate, compare and submit bids for approval by the committee, if so deemed by the committee;
  - (F) Issue purchase orders and contracts; and
  - (G) Verify receiving the merchandise or service;
- (6) The director shall:
  - (A) Accept requisitions by the department, agency or official, and, if such supplies are not currently on hand, transmit such requisition to the purchasing agent;
  - (B) Verify budget appropriations before authorizing a purchase;
  - (C) Approve invoices for payment; and
  - (D) Pay invoices and obligations of the county as provided herein; and
- (7) Emergency purchases, total cost bidding, blanket purchases for small orders, grouping of purchases of the various departments, and other methods for receiving the most competitive price and best bid. Emergency purchases shall be limited to needs arising which are not normally foreseeable. Emergency purchases shall not be permissible if a department or agency fails to properly plan for the need, proper purchasing procedures, and delivery time.

#### **SECTION 20. Bidding.**

- (a) The committee shall authorize the dollar limitation when formal competitive bids are required but not to exceed the amount as authorized by state law for the highway and education departments or other such amounts as established by law.
- (b) Subject to the policies and regulations of the committee, "biddable items" means any need of the county where more than one (1) bidder or contractor in the county's trade area can provide the material or service. Specifications shall not be written to exclude vendors and contractors or limit the bidding to a specific vendor or contractor.
- (c) The county shall be liable for the payment of all purchases of supplies, materials, equipment and contractual service made in accordance with the provisions of this act, but shall not be liable for the payment of such purchases made contrary to its provisions unless such item is specifically approved by the committee.

#### **SECTION 21. Conflicts of interest.**

- (a) The director, purchasing agent, members of the committee, members of the county legislative body, or other officials, employees, or members of the board of education or highway commission shall not be financially interested or have any personal beneficial interest, either directly or indirectly, in the purchase of any supplies, materials or equipment for the county.
- (b) No firm, corporation, partnership, association or individual furnishing any such supplies, materials or equipment, shall give or offer nor shall the director or purchasing agent or any assistant or employee accept or receive directly or indirectly from any person, firm, corporation, partnership or association to whom any contract may be awarded, by rebate, gift or otherwise, any money or other things of value whatsoever, or any promise, obligation or contract for future reward or compensation.

**SECTION 22. Committee members – Compensation.** The county legislative body shall set the compensation based on the service and time rendered in implementing the provisions of this act for members of the various committees created herein.

#### **SECTION 23. County employees unaffected.**

(a) Notwithstanding any provision of this act, each department, agency or official shall have the authority to hire personnel and set salaries and to determine the needs for its use, all subject to budget limitations and the availability of funds.

(b) The authority of the committee, director or purchasing agent shall be limited to the provisions of this act and such policies necessary to implement the provisions of this act. They shall not have the authority to veto the hiring and dismissal of personnel of the various county departments, agencies, or officials or set salaries nor determine the needs of such departments.

**SECTION 24. Education department – Withdrawal from system.**

(a) In the event the director or purchasing agent established under this act does not maintain records, follow accounting and budgetary procedures, and submit timely reports and information as prescribed by state law and the commissioner of education, the commissioner of education, after a hearing on the issue of such neglect, shall remove the education department of the county involved from the county financial management system established by this act by notifying in writing the prescribing officer of the county legislative body.

(b) Upon notice from the commissioner of education, the county legislative body shall transfer sufficient funds from the control of the department to provide financial services in the county education department under the supervision of the county director of schools as provided by general law.

(c) State funds may be withheld for failure to provide adequate funds to transfer the responsibilities to the education department.

**SECTION 25. Violations – Penalties.** Any official or employee of the county, or of any institution or agency thereof, who fails or refuses to perform the duties required by this act or who fails or refuses otherwise to conform to the provisions of this act is subject to removal from office or position in accordance with the provisions of Tennessee Code Annotated, Title 8, Chapter 47, if applicable to such official or employee, and if not applicable to such official or employee in such manner as provided by the county legislative body.

**SECTION 26. Implementation of system.**

(a) Upon this act becoming law as provided in Sections 31 and 32, the county legislative body shall appoint members of the committee at the next meeting of such body.

(b) Within thirty (30) days after such appointment, the committee shall meet, elect a chair, and start the process for hiring a director.

(c) The committee shall also develop plans for implementing the financial management system beginning July 1 of the next fiscal year.

(d) In implementing the system, the committee and director shall seek recommendations from the state county audit division, the state department of education, the University of Tennessee's county technical assistance service, and other such organizations.

(e) After an implementation plan has been developed and approved by the committee, a report shall be submitted to the county legislative body by July 1 of the fiscal year in which the system is to be implemented.

(f) The committee shall publish in a local newspaper of county-wide circulation a notice specifying that:

(1) The county has adopted a private act relating to a financial management system and all employees, vendors and contractors must abide by its provisions beginning on a date specified in the notice; and

(2) The act or policies to implement the act will be available on a date specified in the notice and copies may be obtained at that time.

**SECTION 27. Suspension of private or local acts.** Upon ratification by the county legislative body and implementation of this act's provisions, the operation of all private or local acts relative to county finances, budgeting, and purchasing in conflict with this act are suspended until such time as the provisions of this act are revoked as provided in Section 28.

**SECTION 28. Audits.**

(a) All audits whether by the controller's (sic) office, division of county audit, or by private firm as authorized by law shall include a review of, and report on, the state of the finance department's compliance with all applicable federal, state and county laws that apply to the operation of the finance department.

(b) Any adverse findings shall be subject to a ninety (90) day review in which the adverse finding shall be corrected. No controversy arising from the audit shall be considered a Section 25 violation

if corrected.

**SECTION 29. Applicability of General Law.** If any provision of this act conflicts with the general law, then general law shall control.

**SECTION 30. Severability.** If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to severable.

**SECTION 31.** This act shall have no effect unless it is approved by a two-thirds (2/3) vote of the Board of County Commissioners of the County of Sumner, Tennessee. Its approval or nonapproval shall be proclaimed by the presiding officer of the Board of County Commissioners and certified to the secretary of state.

**SECTION 32.** For the purpose of approving or rejecting the provisions of this act, it shall be effective upon becoming a law, the public welfare requiring it. For all other purposes, it shall become effective as provided in Section 31.

Passed: April 3, 2002.

## Private Acts of 2012 Chapter 70

**COMPILER'S NOTE:** Until this act is fully implemented, upon the adoption of a resolution by the County Legislative Body, Chapter 113 of the Private Acts of 2002, as amended by Chapter 26 of the Private Acts of 2003, and any other act amendatory thereto or any other private act relative to the operation of County finances, budgeting, and purchasing remain in effect. The 2002 act is reproduced in full following this act.

**SECTION 1.** This act shall be known and may be cited as the "Financial Management Modernization System of the County of Sumner, Tennessee of 2012." It shall also be referenced as the "2012 Finance Act.'

**SECTION 2.** As used in this act, unless the context otherwise requires:

- (1) "Board of Education" means the elected body that governs the County School System;
- (2) "Budget Committee" means the separate committee created for the operation by the County of the annual budget process as well as the monthly expenditure of funds;
- (3) "The Committee" means the 2012 Finance Committee;
- (4) "County" or "Organization" means the county and includes the School System if the School System chooses to join the Organization;
- (5) "Earning records" means detailed records of all time worked, leave taken, and all leave balances maintained on a real-time basis exclusively by a comprehensive time and attendance system, which shall be used by all agencies of the County. This application must be fully integrated into the ERP and automated to the utmost extent technologically possible and shall comply with all wage and hour rules or regulations;
- (6) "Enterprise Resource Planning" or "ERP" means a system which integrates internal and external management information across an entire organization, embracing finance/accounting and all other departmental information and relationships. ERP systems automate this activity with an integrated software application. Its purpose is to facilitate the flow of information between all business functions inside the boundaries of the organization and manage the connections to outside stakeholders;
- (7) "Finance Department" means the County Finance Department;
- (8) "Finance Director" or "County Finance Director" means the Director of the Finance Department;
- (9) "School Finance Director" means the Sumner County School Department employee chosen by the Sumner County School Department to perform functions specified by this act;
- (10) "Policy Subcommittee" means the Policy Subcommittee created pursuant to Section 3(a);
- (11) "Standing Committee" means a committee created by the County Legislative Body that shall continue until the County Legislative Body takes action to abolish such committee;
- (12) "School System" means the County School System created or authorized by the general assembly of the State of Tennessee;
- (13) "Capital asset" means land, improvements to land, easements, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all tangible or intangible assets that are used in operations and that have initial useful lives extending beyond the fiscal year;
- (14) "Office Holders" means the County sheriff and all County officials designated as general officers in Section 8-24-102 (a);
- (15) "Purchase" means the purchase, lease, lease-purchase, or contract for procurement of

personal property or services or any combination thereof; and

(16) "State of Tennessee's Division of Local Government Audit" means the State of Tennessee's Division of Local Government Audit or any other State of Tennessee agency subsequently created to perform that division's current functions.

As amended by: Private Acts of 2019, Chapter 8

**SECTION 3.** 2012 Finance Act Committees or Subcommittees. Within sixty (60) days of the passage of this 2012 Finance Act, the following 2012 Finance Act Committees or Subcommittees shall be created:

(a) A five (5) member Policy Subcommittee.

(1) The Policy subcommittee to be composed of five (5) voting members as follows:

- (A) County Executive;
- (B) County Finance Director;
- (C) Chairman of the Financial Management Committee;
- (D) Road Superintendent; and
- (E) One elected county official, chosen annually by the Sumner county officials Association or by majority vote of any subsequent organization that the statutorily and constitutionally elected officials create.

(2) This Policy Subcommittee shall:

- (A) Draft, develop and propose policies, procedures and regulations for the initial implementation of this act;
- (B) Plan and recommend the initial policies and procedures of the enterprise resource planning system;
- (C) Plan and recommend an accounting system in conformity with nationally recognized standards for governmental accounting as approved by the comptroller of the treasury for all funds of the various departments, agencies and boards that are operated through the County Trustee;
- (D) Design and suggest an implementation plan for the implementation of the act;
- (E) Where appropriate, recommend policies and procedures for purchases; and
- (F) After implementation, meet only when necessary to address new matters or necessary changes in policies and procedures for the 2012 Finance Committee created pursuant to subsection (b).

(3) The Policy Subcommittee shall be advised by the legal counsel of the County Legislative Body and the School Board.

(b) A seven (7) member 2012 Finance Committee.

(1) The 2012 Finance Committee shall consist of the County Executive, Supervisor of Highways, Director of Schools, and four (4) members elected by the County Legislative Body at its regular September session of each year or at any subsequent session, provided that the four (4) members elected by the County Legislative Body need not be members of the County Legislative Body.

(2) The 2012 Finance Committee shall elect its own chair and shall meet from time to time as it may deem necessary for the discharge of its duties as provided in this section.

(3) The 2012 Finance Committee shall adopt policies, procedures and regulations for the initial implementation of this act proposed by the Policy Subcommittee.

(4) Upon approval of this 2012 Finance Act, the 2012 Finance Committee shall direct the County Finance Director to implement, carry out and oversee the policies and procedures created pursuant to this act. Such policies and procedures shall include budgeting, accounting, purchasing, payroll, cash management and such other financial matters necessary for an efficient financial system.

(5) The 2012 Finance Committee shall recommend policies and procedures for cash management and investment of idle cash funds as prescribed by law. Such recommendations shall be approved by majority vote of the County Legislative Body.

(c) A seven (7) member Budget Committee.

(1) The Budget Committee shall consist of seven (7) members of the County Legislative Body elected by the County Legislative Body at its regular September session of each year or at any subsequent session.

(2) The Budget Committee shall elect its own chair and shall meet from time to time as it

may deem necessary for the discharge of its duties as provided in this section.

(3) This Budget Committee shall:

- (A) Establish and approve policies, forms and documents, procedures and regulations necessary for the preparation of the annual operating and capital improvement budgets;
- (B) Study funding requests and recommendations as received from other Standing Committees; consider the fiscal impact of any resolution presented to the Budget Committee; and report its finding to the Legislative Body;
- (C) Recommend to the Legislative Body a proposed Tax Rate;
- (D) Approve budget transfers; and
- (E) Provide general oversight of the County's Self-Insurance activities.

As amended by:

Private Acts of 2019, Chapter 8

**SECTION 4.** Finance Director. The County Executive shall recommend the appointment of the Finance Director subject to ratification by the County Legislative Body.

- (1) The County Legislative Body, with a thirty (30) day notice, may dismiss the Finance Director with a 2/3 majority vote, subject to any approved agreements to the contrary.
- (2) The Finance Director shall, for all purposes, be an employee of the County.
- (3) The Finance Director shall be a Certified Public Accountant with an active license in Tennessee and shall have a minimum of five years of experience with local governments in the field of accounting and/or auditing.
- (4) The compensation of the Finance Director shall be established by the County Legislative Body.

**SECTION 5.** Assistant Finance Director.

- (a) A person employed by the Finance Department shall be recommended by the Finance Director and approved by the 2012 Finance Committee to serve as the Assistant Finance Director.
- (b) The Assistant Finance Director shall have a minimum of a Bachelor of Science or Business Administration degree from an accredited college or university. Such person shall have had at least eighteen (18) quarter hours or equivalent semester hours in accounting.
- (c) The person employed for this position shall perform such duties and responsibilities as assigned by the Finance Director.
- (d) In the absence of the Finance Director, the Assistant Finance Director shall perform the duties of the Finance Director necessary for the continued operation of the Finance Department.

**SECTION 6.** Director's Bond.

- (a) The Finance Director shall execute a blanket bond in an amount of not less than one hundred thousand dollars (\$100,000) for the faithful performance of the Finance Director's and the department employees' duties in accordance with the general law for such bonds.
- (b) The cost of such bond shall be paid from funds appropriated to the Finance Department for such purpose.
- (c) The amount of such bond may be increased subject to the approval of the 2012 Finance Committee and additional appropriations by the County Legislative Body.
- (d) The bond shall be prepared, recorded and transmitted in accordance with state law.

**SECTION 7.** Integrated Financial Management and Enterprise Resource Planning System.

- (a) There is hereby created an integrated financial system for the various departments, agencies, and boards that are operated through the County Trustee, which may or may not include the School System, depending upon the decision of the School System to participate as set forth in this Act.
- (b) Such system shall include budgeting, accounting, purchasing, payroll, cash management, human resources, and such other financial matters necessary for an efficient financial system.
- (c) Such system shall have:
  - (1) A common platform for all enterprise resource planning activities for all departments, agencies, commissions, boards, divisions or offices;
  - (2) Real-time operations and complete integration of all related systems and/or subsystems; and
  - (3) The accounting system, which shall have real-time access to all documents necessary through the enterprise resource planning system:
    - (A) For the annual audit with the State of Tennessee's Division of Local Government Audit or any necessary agreed upon procedures to be performed by a Certified Public Accountant with an active license in

Tennessee; procedures will be considered necessary if requested by the State of Tennessee's Division of Local Government Audit;

(B) For preparation of financial statements in compliance with accounting principles generally accepted in the United States of America;

(C) To support any amount in the approved budgets;

(D) To support any item in the fund financial statements;

(E) To support all necessary documentation for the preparation of Government-Wide Financial Statements;

(F) To support all capital assets balances and transactions by maintaining records of capital assets of the County in accordance with accounting principles generally accepted in the United States of America;

(G) All necessary documentation for the proficient accounting of grants; and

(H) To support any amount necessary for payroll, including taxes and earning records.

(d) The school system Human Resource Department shall be under the control of the Director of Schools but may be integrated into the enterprise resource planning system, if the School System votes to seek integration into the system.

(e) The school system's budgets shall be under the control of the Sumner County School Board, but may be integrated into the enterprise resource planning system, if the School System votes to seek integration into the system.

(f) The enterprise resource planning system provided for in this section shall at all times maintain a comprehensive set of internal controls.

As amended by: Private Acts of 2019, Chapter 8

#### **SECTION 8. Accounting System.**

(a) By this 2012 Finance Act, there is hereby created an accounting system for all funds of the various departments, agencies, and boards that are operated through the County Trustee, which may include the School System if the School System votes to seek integration into the system.

(1) There shall be set up and maintained in the office of the Finance Director a system of accounting, set out and described in this section, which shall be managed by and be under the administrative control of the Finance Director.

(2) The accounting system shall be an integral part of the enterprise resource planning system.

(3) The Finance Director shall be responsible for the implementation of the policies of the 2012 Finance Committee or such special committees established by the County Legislative Body.

(4) The accounting system provided for in this section shall conform to accounting principles generally accepted in the United States of America.

(5) The accounting system shall comply with the rules and regulations established by the Comptroller of the Treasury, the Commissioner of Education and state law.

(6) The accounting system shall include such records and procedures as may be required to accurately reflect the assets, liabilities, revenues and expenditures of each fund, together with such records, accounts and files as are necessary to record:

(A) The transactions relating to revenues, and the revenues for each of its several funds;

(B) The transactions relating to the adopted budget and appropriations, including the expenditures and encumbrances against each item of appropriations;

(C) The transactions relating to debt;

(D) All financial transactions for all grants awarded to the County;

(E) All necessary documentation to prepare Government-Wide Financial Statements in accordance with accounting principles generally accepted in the United States of America;

(F) Such other records as may be necessary to facilitate the recording of the adopted budgets and the proper accounting for each item of expenditure; and

(G) Any and all of the records may be maintained solely in electronic format, unless otherwise prohibited.

(b) This 2012 Finance Act shall not be construed as authority over the fee and commission accounts or the accounts of office holders.

(c) This 2012 Finance Act shall not be construed as authority over personnel policies or procedures

or salaries of the various County offices or departments, except with respect to requiring necessary recordkeeping and reporting needed for performing the payroll functions as prescribed by the 2012 Finance Committee.

(d) All employees performing the functions of payroll, accounts payable, cash management, and financial reporting in the various operating departments shall be supervised and managed by the Finance Director notwithstanding any other law to the contrary. All such employees shall be budgeted and paid through the Finance Department. Such necessary changes will be detailed in and made in accordance with the approved implementation plan.

(e) The School System may operate separately from these functions except that such records shall be available for view by the County Finance Department.

As amended by: Private Acts of 2019, Chapter 8

**SECTION 9.** County Finance Director's Accounting Duties. It is the duty of the County Finance Director, through the County's accounting system, to perform the following duties:

(1) General:

- (A) Post and otherwise keep the records of the accounting system;
- (B) Install, with the approval of the Comptroller of the Treasury, a uniform classification of accounts, including a classification of revenues and expenditures, to be used in accounting, budgeting and financial reporting respecting all funds, offices, agencies and activities of the County government;
- (C) If integrated with the School System, to consult with the School Finance Director to verify that the classification of all expenditures and revenues of the County school department's funds conform to the appropriate County Uniform Chart of Accounts;
- (D) Set up and maintain an accounting system for recording the transactions of all of the funds, including both proprietary and budgetary accounts, in conformity with accounting principles generally accepted in the United States of America;
- (E) Set up the necessary accounts to properly record the annual budget and each appropriation made by the County Legislative Body; and
- (F) Confirm that all encumbrances, expenditures or other charges against any item of the budget shall be promptly recorded in order that the unencumbered balance of each item of the budget shall be readily ascertainable at all times.

(2) Receipt of funds.

- (A) Except for taxes which are to be collected by the Trustee, the payment of all monies to the County by any collectors authorized by statute or by anyone on account due the County shall be made only by issuance of a receipt or receivable warrant through the Finance Department instructing the Trustee to receive the amount named, for which the Trustee shall issue a receipt.
- (B) The Finance Department's receipt or receivable warrant shall directly post to the County's accounting records.

(3) Disbursement of funds.

- (A) The County shall use a checking system instead of warrants for the disbursement of funds. The checking system shall be installed and maintained by the Finance Director in accordance with the provisions of Section 5-8-210.
- (B) All checks on County funds held by the County Trustee shall be signed by the Finance Director and the following person(s) as indicated:
  - (1) Chairman of the Board of Education and the Director of Schools for disbursements from school funds; provided, that if the School System chooses to not be included in the Organization, signature of checks shall be undertaken in a form acceptable by state standards;
  - (2) Chief Administrative Officer of the County Highway Department for disbursement from highway funds; and
  - (3) County Executive for all other disbursements of County funds.
- (C) All signatures required on County checks may be executed by methods other than personal signature if such methods are approved by the person authorized to sign, the 2012 Finance Committee, and the Comptroller of the Treasury.
- (D) The Finance Director may cause checks to be signed and or delivered by electronic

means, or funds electronically transferred from County bank accounts, upon approval of the 2012 Finance Committee and the Comptroller of the Treasury.

(E) Subject to the availability of funds, the Finance Director shall not refuse to sign checks presented for his or her signature if proper appropriation of funds and documentation for the disbursement has been made in accordance with this act.

(F) The Finance Department shall keep a copy of all checks signed by the Finance Director alone and as co-signer.

(G) Before any obligation shall be paid, a detailed invoice, receivable copy of the purchase order, or such document indicating receipt of merchandise or service and authorization of payment should be approved by the head of an office, department or agency for which the obligation was made and be filed with the Finance Director.

(H) After careful pre-audit of invoices, bills and claims against the County or any of its funds, disbursements shall be prepared.

(I) Expenditures incurred in accordance with authorized appropriations shall be paid promptly in order that the County may obtain the benefit of cash discounts.

(J) Payroll disbursements shall be based upon documentation furnished to the Finance Department and certified by all heads of departments, offices, and agencies of the County for themselves and their employees establishing the employment relationship and all relevant information required by the Finance Director to determine proper payment, withholding of income for taxes and other purposes, benefits, leave status or other information relevant to the County's financial relationship to the employee.

(4) Financial Reporting.

(A) At the end of each month, the Finance Director shall prepare a comprehensive report of all revenues and expenditures of each of its several funds, departments, offices, agencies and activities, all encumbrances against the several appropriations, and the condition of each item of appropriation in the annual budget. Such report shall show:

(1) For each item of appropriation or allotment thereof, the total expenditures for the month and year to date, the amount of outstanding encumbrances, and the amount of the unencumbered balance; and

(2) For each fund, an itemized statement of the revenues and receipts estimated for the year, the amount of the collections of each item for the month and year to date, and the unrealized portion of the estimate.

(B) The most recent of such reports shall be available on the County's Web site and/or other electronic media as specified by the 2012 Finance Committee.

(C) Each department head, elected official and board member shall be furnished, in electronic format or by other means specified by the 2012 Finance Committee, copies of monthly reports for the respective departments as soon as the same are available.

As amended by: Private Acts of 2019, Chapter 8

**SECTION 10.** School Finance Director's Accounting Duties. It is the duty of the School Finance Director, through the School System accounting system (or the County, if the School system so chooses), to perform the following duties:

(a) To verify that all requests for expenditures are appropriately classified based on County's Uniform Chart of Accounts.

(b) Verify that all transactions have been duly authorized before forwarding them to the Finance Department for recognition in the accounting system.

(c) Verify that all account classifications are consistent between the budget approved by the Sumner County Board of Education and the operations of said fund.

(d) Verify that all activities related to each of Sumner County School Department's grants are accurately reported.

As amended by: Private Acts of 2019, Chapter 8

**SECTION 11.** Purchasing Agent.

(a) The Finance Director or a deputy appointed by the Finance Director may serve as a purchasing agent for the County and shall assist the Policy Subcommittee in developing policies and procedures



for implementing an economical and efficient purchasing system.

(b) The 2012 Finance Committee shall adopt the policies and procedures for purchasing and acquisitions in the County as provided for in this 2012 Finance Act.

(c) The School System shall be authorized to perform any purchasing functions which shall aid the County. Said purchases shall be made pursuant to this 2012 Finance Act.

(d) Notwithstanding subsections (a) through (c) of this section, this 2012 Finance Act shall not serve as authorization to remove any purchasing activities or authority from the School System.

**SECTION 12. Purchasing System.** The purchasing system for the County shall be an integral part of the enterprise resource planning system and shall provide for a set of comprehensive internal controls. These comprehensive internal controls shall ensure the following:

- (1) All purchases shall comply with general law;
- (2) All budgets shall be timely encumbered for all necessary purchases; and
- (3) All necessary documentation shall be electronically maintained on the ERP.

**SECTION 13. Bidding.**

(a) The dollar limitation, for when formal competitive bids are required, shall be the amount as authorized by state law, for the highway department, education department, or other departments or agencies.

(b) In accordance with Tennessee Code Annotated, Section 12-3-1001, the County may purchase any authorized item from the Department of General Services without public advertisement or competitive bidding.

(c) The County may purchase any item authorized by federal law or regulations through the federal General Services Administration (GSA) without public advertisement or competitive bidding.

(d) The County may cooperatively purchase with any Tennessee county or school system without public advertisement or competitive bidding, if the lead purchasing entity complied with its own purchasing requirements and general state law governing cooperative purchases. Such purchase may be made from the other governmental entity or directly from the bidder or contractor.

(e) Subject to the policies and regulations of the 2012 Finance Committee, "biddable items" means any need of the County where more than one (1) bidder or contractor can provide the material or service. Specifications shall not be written to

exclude vendors and contractors or to limit the bidding to a specific vendor or contractor.

(f) The County shall be liable for the payment of all purchases of supplies, materials, equipment and contractual services made in accordance with the provisions of this act but shall not be liable for the payment of such purchases made contrary to its provisions.

(g) The purchasing system may use any exclusion from bidding pursuant to any state statute.

**SECTION 14. Procedures for Budget Preparation.**

(a) All County budgeting processes, including preparation, shall be integrated into the enterprise resource planning system.

(b) On or before January 1 of each year, the Budget Committee, in conjunction with the Finance Director, shall prescribe the budgetary procedures, forms, calendar and other information as may be necessary to implement the budgetary procedures contained in this act.

(c) Except for the County Board of Education, each of the other operating departments, institutions, offices and agencies shall file with the Finance Director, on or before March 1 of each year, a detailed estimate of its requirements for expenditures from the County's funds for the ensuing fiscal year, together with an estimate of any County revenues to be received by such agency, office or department.

(d) The County Board of Education, after preparing its annual budget as now provided by law, shall file such budget with the Finance Director before June 1 for inclusion in the complete budget document to be presented to the Budget Committee.

(e) The Finance Director, on or before June 30 of each year, shall file a consolidated budget document with the Budget Committee showing an itemized statement of the amounts estimated by the various departments and officials to be

required for the efficient operation of the County government from the County general fund, the debt service funds, the highway funds, the school funds and all other funds, together with an estimate of the revenues estimated to be received by each of the funds during the next fiscal year and an estimate of the unencumbered balance of each of the funds at the beginning of the fiscal year. The consolidated budget shall be prepared on the basis of accounting required for fund financial statements by accounting principles generally accepted in the United States of America. The budget, as adopted, shall be balanced as to all funds.

(f) Such consolidated operating budget document shall comply with provisions of the County Uniform Chart of Accounts and show, by major categories and line items, the amounts requested by

the various departments, offices, agencies and nonprofit organizations for their operations during the ensuing fiscal year from the various County funds. The County Finance Director shall include, within the consolidated operating budget, the amounts necessary to pay principal and interest on any indebtedness of the County. The proposed and revised consolidated operating budget document shall show, at a minimum, the following: actual revenues received during the last audited fiscal year, the actual expenditures during the last audited fiscal year, the actual fund balance in each fund of the County at the end of the last audited fiscal year, the estimated revenues during the current fiscal year, the estimated expenditures during the current fiscal year, the estimated fund balance in each fund of the County at the end of the current fiscal year, the estimated revenues to be received during the ensuing fiscal year, the estimated expenditures during the ensuing fiscal year, and the estimated fund balance in each fund of the County at the end of the ensuing fiscal year.

(g) The consolidated operating budget document shall:

- (1) Not conflict with requirements of state law for funding of the County Department of Education.
- (2) Not conflict with requirements of state law for funding the Highway Department.
- (3) Not decrease the personnel budget for the sheriff's office from that of the current year without the consent of the sheriff according to Section 8-20-120.
- (4) For the County Election Commission, conform to the requirements of Section 2-12-209.
- (5) Shall conform to the requirements of Title 8, Chapter 20.
- (6) Shall fully provide for any court-ordered expenses.

(h) The Budget Committee shall fully provide in the budget for any fund deficit, other than proprietary funds, at the beginning of the fiscal year.

(i) The Budget Committee shall fully provide in the budget for any cash overdraft in any of its proprietary funds at the beginning of the fiscal year.

(j) The Budget Committee shall propose a tentative tax rate to fund the consolidated operating budget.

**SECTION 15. Budget Publication and Adoption.**

(a) The Finance Director shall cause the proposed operating budget to be printed in a newspaper of general circulation in the County at least ten (10) days before the proposed budget is to be presented to the County Legislative Body for adoption. The budgetary publication shall contain a comparison based on the proposed operating budget for the ensuing fiscal year as required by Section 14, subsection (f) herein. Such comparison shall contain the proposed operating budget, the current year operating budget, and the prior year operating budget. Such publication must encompass, at a minimum, the General Fund, the Highway/Public Works Fund, the General Purpose School Fund, Debt Service Funds, and any other funds budgeted to receive property tax revenues, if any. The budgetary comparison shall also present estimated beginning and estimated ending fund balances and the number of employee positions budgeted. The budgetary comparisons shall be by individual fund and shall summarize revenues by local taxes, State of Tennessee, federal government and other sources, if any. Expenditures shall be summarized by salaries and other costs. Such publication shall also contain a notice of a public hearing to be conducted by the Budget Committee at which any citizen of the County shall have the right to appear and state such citizen's views on the budget.

(b) Additionally, the Finance Director shall cause a complete listing of proposed expenditures for each nonprofit organization to be printed in a newspaper of general circulation in the County in conjunction with the summary of the proposed operating budget.

(c) The Budget Committee shall present the budget to the County Legislative Body.

(d) With the proposed budget, the Budget Committee shall deliver to the County Legislative Body a budget appropriation resolution and a tax levy resolution.

(e) The Board of Education has the right to address the County Legislative Body in regard to the board's budget and tax rate proposals.

(f) The County Legislative Body may alter or revise the proposed budget, with the exception of the school budget which shall be accepted or rejected in total, except as to provision for debt service requirements and for other expenditures required by law.

(g) On or before October 1 of each year, the County Legislative Body shall adopt an operating budget, a property tax levy with a rate sufficient with other revenues and fund balances to fully fund the operating budget, and an appropriation resolution. All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, fees and fines, which are to be used in the operation and programs of the various offices, departments, commissions, institutions, boards and agencies of County government shall be appropriated to such use by the legislative

body.

(h) Before the adoption of the budget, any County department, agency or official shall be entitled to a hearing before the County Legislative Body in order to justify any proposed additional requests or budget estimates.

(i) The budget, the appropriation resolution, and the tax levy resolution, as adopted, shall be spread upon the minutes of the County Clerk.

**SECTION 16.** Continuing Appropriations.

(a) If the budget, tax rate and appropriation resolutions are not adopted by the County Legislative Body on or before twelve o'clock (12:00) midnight on June 30 for the ensuing fiscal year, all departments and offices of the County may make expenditures according to the budget of that department or office as adopted for the preceding fiscal year, except that such departments and offices are limited to expenditures and obligations based on a monthly allotment from the preceding fiscal year's budget.

(b) The allotment from the preceding fiscal year shall not include any major capital items, unless first approved by the County Legislative Body; however, such exclusion shall not preclude emergency purchases.

**SECTION 17.** Appropriations.

(a) The appropriations made in the appropriation resolution, or any amendment thereto, shall constitute the limit to expenditures for the various purposes and from the several funds of such County for the fiscal year covered by the resolution, and no expenditure shall be made or obligation created in excess of such limitation.

(b) The appropriations made by the County Legislative Body shall constitute authorization for the expenditures contained therein unless otherwise limited by the County Legislative Body.

(c) Expenditures may be made and obligations created against any appropriation to an aggregate total of the amount appropriated by line item.

(d) The expenditures and encumbrances against the amounts appropriated shall be made only upon an order or authorization issued by the department.

**SECTION 18.** Budget Adjustments, Amendments and Impounding.

(a) The Budget Committee, with the consent of any official, head of any department or division that may be affected, with the exception of the school budget, may make transfers and adjustments within the smallest budgetary itemization of any subdivision.

(b) The School System shall make transfers and adjustments within the smallest budgetary itemization of any subdivision of the school budget as provided in general law.

(c) Any other transfers or adjustments shall be submitted to the Budget Committee for its recommendation to the County Legislative Body.

(d) Any resolution presented to the County Legislative Body in any fiscal year, after the original appropriation resolution has been adopted and the tax rate for the year fixed by the County Legislative Body, that provides for an appropriation in addition to those made in the original budget appropriation, shall specifically provide, by tax levy, sufficient revenues or designate the source of funds to meet expenditures to be made in consequence of such additional appropriation.

**SECTION 19.** County Employees Unaffected.

(a) Notwithstanding any provision of this act, each department, agency or official shall have the authority to hire personnel and set salaries and to determine the needs for its use, all subject to budget limitations and the availability of funds.

(b) The authority of any committee or subcommittee created pursuant to this 2012 Finance Act and the Finance Director shall be limited to the provisions of this act and such policies necessary to implement the provisions of this act. They shall not have the authority to veto the hiring and dismissal of personnel of the various County departments, agencies, or officials or to set salaries or to determine the needs of such departments.

**SECTION 20.** Education Department - Participation with the 2012 Finance Act.

(a) If the School System does not maintain records, follow accounting and budgetary procedures, and submit timely reports and information as prescribed by state law and by the Commissioner of Education, the Commissioner of Education, after a hearing on the issue of such neglect, shall seek to have the County Education Department placed under this 2012 Finance Act by written notification to the presiding officer of the County Legislative Body.

(b) Upon notice from the Commissioner, the County Legislative Body shall transfer sufficient funds from the control of the Finance Department to provide financial services in the County Education Department under the supervision of the School Board, as provided by general law.

(c) State funds may be withheld for failure to provide adequate funds to transfer the responsibilities to the County Education Department.

As amended by: Private Acts of 2019, Chapter 8

**SECTION 21.** Implementation.

(a) The Financial Management Committee shall evaluate the ongoing operation of the implementation of all areas of this Act and shall notify the full County Commission, the School System, all offices, elected officials, and the public when it deems that portions or all of the provisions of this Act are to be fully implemented.

(b) Until that time, the County shall work towards the goal of implementation; however, delays in implementation in no way violate this Act if full implementation is not reached in a timely manner.

As amended by: Private Acts of 2019, Chapter 8

**SECTION 22.** Suspension of Conflicting Laws.

(a) When this act is fully implemented, upon the adoption of a resolution, Chapter 113 of the Private Acts of 2002, as amended by Chapter 26 of the Private Acts of 2003, and any other act amendatory thereto or any other private act relative to the operation of County finances, budgeting, and purchasing in conflict with this act are repealed. Upon the adoption of such resolution for the repeal of such acts, the presiding officer of the County Legislative Body shall certify the action to the secretary of state.

(b) Where any conflict arises between this act and Title 49 or other sections of Tennessee Code Annotated that provide for the duties, responsibilities, and authority of the elected school board members, Title 49 or other sections of Tennessee Code Annotated shall take precedence.

**SECTION 23.** Public Notice. In addition to any other methods for sales of County-owned property authorized by law, Sumner County having adopted the "Financial Management Modernization System of the County of Sumner, Tennessee of 2012," is authorized to conduct a sale of surplus County-owned property on any Internet auction Web site approved by the County Legislative Body.

**SECTION 24.** County Approval.

(a) This Act *and the subsequent amendments thereto* shall have no effect unless it is approved by a two thirds (2/3) vote of the County Legislative Body of Sumner County. Its approval or nonapproval shall be proclaimed by the presiding officer of the County legislative Body of Sumner County and certified to the secretary of state.

As amended by: Private Acts of 2019, Chapter 8

**SECTION 25.** Effectiveness. For the purpose of approving or rejecting the provisions of this act, it shall be effective upon becoming a law, the public welfare requiring it. For all other purposes, it shall become effective as provided in Section 24.

Passed: April 26, 2012.

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**Source URL:** <https://www.ctas.tennessee.edu/private-acts/financial-management-system>