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Private Acts of 1979 Chapter 49

Dear Reader:

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We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with county government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

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

Sincerely,

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Table of Contents

Private Acts of 1979 Chapter 49	3
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Private Acts of 1979 Chapter 49

SECTION 1. Chapter 82 of the Private Acts of 1975 creating a system of accounting and budgetary procedures is hereby repealed.

SECTION 2. This Act shall be known as the "1979 Accounting and Budgeting Procedures Law".

SECTION 3. GENERAL ORGANIZATION AND PROCEDURES

(a) **FISCAL YEAR.** There is hereby created a fiscal year for the county and for each office, department, institution, activity, and agency thereof, which fiscal year shall begin on the first day of July of each year and shall end on the 30th day of June next following. Said fiscal year shall constitute the budget year, and the year for accounting and reporting of each and every fund, office, department, institution, activity, and agency of Rutherford County; but the aforesaid provision shall be in addition to, and not in lieu of, any accounting and reporting now required of any official by general law.

(b) **GENERAL FISCAL PROCEDURES.** The system of fiscal procedure, control, accounting, and budgeting herein provided 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 as prescribed by the State Comptroller of the Treasury, State Commissioner of Education and other state and federal agencies.

(c) **BUDGET AND FINANCE COMMITTEE.** A County Budget and Finance Committee is hereby created. The committee shall consist of not less than five (5) nor more than seven (7) members who shall be elected by the County Legislative Body at its regular September session of each year or at any subsequent session. Such committee shall elect its own chairman and shall meet from time to time as it may deem necessary for the discharge of its duties. The Director of Finance shall be the ex officio secretary of the Budget and Finance Committee. The Budget and Finance Committee shall perform all duties respecting county budgets and appropriations now performed, or required to be performed, by the Budget and Finance Committee and shall perform such other duties as herein provided.

(d) **GENERAL RESPONSIBILITIES OF MEMBERS OF THE BUDGET AND FINANCE COMMITTEE.** The Budget and Finance Committee is hereby authorized to establish and approve policies, procedures, and regulations in addition to the specific provisions of this law, for implementing a sound and proficient financial system for administering the funds of the County.

(e) **CENTRALIZED ACCOUNTING AND BUDGETING OFFICE.** Upon the adoption of this law, there shall be one (1) department established for the accounting and budgeting of all funds of the County General Operation, Highway Department and Board of Education and other such funds handled by the County Trustee. This office shall be known as the Finance Office. All employees performing the functions of payroll, accounting and budgeting in these departments shall be under the supervision of the Director of Finance and such salaries, benefits, and expenses relating to said personnel shall be budgeted under the Finance Office.

(f) **DIRECTOR OF FINANCE.** The Budget and Finance Committee shall have the authority to appoint or dismiss upon thirty (30) days' notice, subject to the approval of the County Legislative Body, a Director of Finance. He shall be responsible to the Budget and Finance Committee in all matters relative to his position. The person hired for this position shall be qualified by training and experience in the field of accounting to perform his duties in a proficient manner and in accordance with generally recognized governmental accounting principles. The person holding this position at the date of the adoption of this act shall continue his employment under the provisions of this act. The compensation of the Director of Finance shall be included in the annual budget recommendations by the Budget and Finance Committee subject to the approval of the County Legislative Body's budget appropriation.

(g) **GENERAL RESPONSIBILITIES OF THE DIRECTOR OF FINANCE.** The Director of Finance shall install and maintain an accounting and financial management system in accordance to state laws and regulations, to restrictions of this private act and other acts of Rutherford County, and to such policies and regulations of the Budget and Finance Committee and the local governing body. He shall assist other county officials in achieving a proficient financial management system for the County.

(h) **BONDING OF DIRECTOR OF FINANCE AND PERSONNEL OF THE OFFICE.** A blanket bond of a minimum of twenty-five thousand dollars (\$25,000.00) for dishonest acts and faithful performances shall be executed in accordance with the law for the Director of Finance and personnel of the office.

Said bond may be for more than twenty-five thousand dollars (\$25,000.00) subject to the approval of the Budget and Finance Committee and the appropriations of the County Legislative Body and shall be recorded in the office of the Register of Deeds in the same manner as are the bonds of all county officials.

(j) DEPUTY DIRECTOR OF FINANCE. A person employed by the Finance Office shall be recommended by the Director of Finance and approved by the Budget and Finance Committee to serve as Deputy Director of Finance. The person employed for this position shall perform such duties and responsibilities as assigned by the Director of Finance.

In the event the Director of Finance is absent or intends to be absent for more than twenty-one (21) days, or is incapacitated or otherwise unable to perform the duties of his office, the Deputy Director of Finance shall become Interim Director of Finance until the absence or disability is removed. In the event the Director of Finance objects to the Deputy Director of Finance acting as Interim Director of Finance, he shall so inform the Budget and Finance Committee and said committee shall resolve the issue. While serving as Interim Director of Finance, the Deputy Director shall perform the duties of the Director of Finance necessary to the continued operation of the office, including the co-signing of warrants and payroll checks.

As amended by: Private Acts of 1982, Chapter 332

SECTION 4. BUDGETARY PROCEDURES. It shall be the duty of each official, office, department, institution, agent or employee of the county government to furnish in writing such information, in such form and at such time as may be requested by the Budget and Finance Committee and to implement such budgetary procedures as contained in this Act.

(a) BUDGET ESTIMATES. The County Highway Commissioners shall, on or before the first day of May of each year, file with the Director of Finance an itemized statement of the funds estimated to be required for the county road program for the ensuing fiscal year and for the construction, operation, repair and maintenance of the county road system and for the general administration of the Highway Department and Workhouse, together with an estimate of the highway and road funds expected to be received during such fiscal year along with supporting documentation.

The County Board of Education shall, after preparing its annual budget as now provided by law, file such budget together with supporting documentation including projected revenues on or before the 15th day of May with the Director of Finance for inclusion in the complete budget document to be presented to the Budget Committee.

The County Executive and Director of Finance shall, on or before the 15th day of April of each year, file with the Office of Finance an itemized statement of the amounts which they estimate are necessary to be expended from the county general fund, the debt service funds and from all other funds (excluding highway funds, school funds, and funds derived from the sale of bonds) together with an estimate of revenue to be received during the next fiscal year along with supporting documentation.

Each of the other operating departments, institutions, offices and agencies shall file with the Director of Finance on or before April 15th 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 along with supporting documentation.

The Director of Finance shall, on or before June 1st of each year file a consolidated budget document with the Budget and Finance 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, highway funds, 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 estimate of the unencumbered cash balance of each of said funds at the beginning of said fiscal year.

(b) ADOPTION OF BUDGET BY COMMITTEE -- CONTENTS. On or before June 15th the Budget and Finance Committee shall review and propose the annual budget. Said budget shall contain an itemized and classified plan of all proposed expenditures and estimated receipts for the ensuing fiscal year, and shall conform to the uniform classification of accounts established by the Director of Finance, first approved by the Comptroller of the Treasury. 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 the County Superintendent of Schools shall conform to the classification of accounts as prescribed by the State Commissioner of Education.

Opposite each item of estimated revenue the finance department shall show in opposite parallel

columns the amount actually collected for the last completed fiscal year, a revised estimated amount for the current fiscal year, and the estimate for the ensuing fiscal year. All departments working in conjunction with the Finance Department will estimate expenditures for the current and ensuing fiscal year, and supply these figures to the finance department.

Likewise opposite each item of proposed expenditure, the budget document shall show the amount actually expended for such item during the last completed year, the probable amount which will be spent during the current fiscal year and the proposed appropriations or expenditure estimate for the ensuing fiscal year. In preparing the budget, the Budget and Finance Committee may revise as it deems necessary the total amount of each major category the estimated Budget requests made by the various departments, officials, offices, institutions and agencies of the County. The line items in various account categories of the County Board of Education's Budget shall be left to the County Board of Education. All departments shall be entitled to a hearing before the Budget and Finance Committee with reference to the contemplated changes in the total amount of the estimated budget. The Budget and Finance Committee shall certainly and 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 for the current calendar year.

(c) PUBLICATION OF PROPOSED BUDGET AND TAX RATE PUBLIC HEARING. On or before June 15th of each year the Budget and Finance Committee shall cause a synopsis of the proposed budget, and a statement of the tax rate required to finance the proposed budget, to be published in a newspaper having general circulation in such county. Said publication shall also contain a notice of a public hearing to be conducted by said Budget and Finance Committee at which any citizen of the county shall have the right to appear and state his views on the budget. Such public hearing shall be held by the Budget and Finance Committee not later than ten (10) days prior to the beginning of the fiscal year.

Following such public hearing, the Budget and Finance Committee shall make the final revision of the budget document and notify each department of any revisions in their budget document. The Board of Education shall on or before seven (7) days prior to the July term of the Legislative Body adjust the line item required by changes made by the Budget and Finance Committee and report back to the Budget Committee.

(d) PRESENTATION OF BUDGET TO COUNTY GOVERNING BODY ALTERATION OR REVISION-ADOPTION-TEMPORARY ALLOTMENTS. The Budget and Finance Committee shall present the budget to the County Legislative Body at the regular July session each year or at a special session called for this purpose prior to the regular July session. 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. With the proposed budget, the Budget and Finance Committee shall deliver to the County Court a budget appropriation resolution and a tax levy resolution.

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, but the County Legislative Body shall finally adopt a budget in July. Provided, however, prior to the adoption of the budget any county official, board or commission shall be entitled to a hearing before the County Legislative Body with reference to any changes in budget requests or estimates. Pending such final adoption the Director of Finance is hereby authorized to make temporary allotments for expenditures for essential county service, in amounts not in excess of the comparable allotment for an average quarter of the preceding year.

The budget, the appropriation resolution, and the tax levy resolution, as adopted, shall be spread upon the minutes of the County Court.

(e) EXPENDITURES -- LIMITATIONS AND RESTRICTIONS -- DISBURSEMENT WARRANTS -- IMPOUNDMENT OF APPROPRIATIONS. 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 said resolution, and no expenditure shall be made or obligation created in excess of such limitation. Provided further, that 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 said court, which provides for an appropriation in addition to those made in the original budget appropriation, shall specifically provide by tax levy or otherwise sufficient revenue or other funds to meet expenditures to be made in consequence of such additional appropriation.

Provided, further, that 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 of Finance to impound the appropriations from such fund in such amount as shall appear necessary, subject to the written approval of the Budget and Finance Committee and such other requirements as provided by law.

The appropriations made by the County Legislative Body, as provided above, shall constitute authorization for expenditures unless otherwise limited by the County Legislative Body.

Expenditures may be made and obligations created against any appropriation to an aggregate total of the amount appropriated for such item except that each department or agency shall file with the Finance Director a copy of each purchase order at the time of origination with a notation indicating to which specific account it is to be charged. In addition, the expenditures and encumbrances against the amounts appropriated shall be made only in consequence of an order issued by the proper authority and subsequent approval of the invoice by the Director of Finance; except that payrolls and bills for telephones, water, gas, electric and other utility services, and such other exceptions as approved by the Budget and Finance Committee, shall first be checked and approved for payment by the various departments or otherwise as provided by law and county obligations imposed by law shall be approved by the proper authority before being submitted to the Director of Finance for payment. No expenditures made or obligations created in any manner shall be valid or binding against the county except as provided by law.

(f) BUDGET AMENDMENTS. The Budget and Finance Committee, with the consent of any official, head of any department or division which may be affected may take transfers and adjustments within the smallest budgetary itemization of any subdivision. Additionally, within a major category of the budget regarding any line item which varies within one thousand dollars (\$1,000), more or less, from the original budget adopted by the board of commissioners, except for those items affecting amounts budgeted for personnel costs and amendments reflecting the administrative or other expenses relating to the functioning of the county commission, the county mayor may amend by written approval said line item(s) within a major category of the budget at the sole discretion of the county mayor. Any other transfers and adjustments shall be submitted to the budget committee for its recommendation to the county's legislative body. Budget amendments should be timely and enacted before the expenditure of such funds.

(g) MONTHLY REPORT OF DIRECTOR. The Director of Finance shall make a report at the end of each month showing the condition of the budget. Said report shall show for each item of appropriation, and/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. Said 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. Each department head, elected official and board member shall be furnished copies of monthly reports for their respective departments as soon as the same is available. The most recent of such reports shall be presented by the Director of Finance at each regular session of the County Legislative Body. At such time he 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 his opinion, the County Legislative Body should take in order that the budget shall be kept in balance.

(h) CHANGE IN REQUIRED DATES. Any date referred to in Section 4 may be extended for any reasonable reason or altered to meet federal and state requirements in order to eliminate duplication subject to the approval of the Budget and Finance Committee and five (5) working days' written notice.

As amended by: Private Acts of 2006, Chapter 83

SECTION 5. FISCAL PROCEDURE SYSTEM. There shall be set up and maintained in the Office of the Director of Finance a system of fiscal procedure, control and centralized accounting, hereinafter set out and described, which shall be under the administrative control and direction of the Director of Finance; but such system shall be conducted in full accordance with the general law of this state respecting the duties and responsibilities of the County Executive as fiscal agent of the county and respecting the statute duties and responsibilities of the County Board of Education as well as the responsibilities and duties of the County Highway Department.

(a) DUTIES AND POWERS OF DIRECTION -- RECORDS, ACCOUNTS AND REPORTS -- DISBURSEMENT WARRANTS -- PAYROLL SYSTEM. It shall be the duty of the Director of Finance to post and otherwise keep the records of the central accounting system; to verify all bills, invoices, payrolls and claims against the county before payment; and to check the settlements and reports of the various officials and department heads of the county government.

The Director shall, also, after careful pre-audit of invoices, bills, and claims against the county or any of its funds, prepare disbursement warrants on all county funds. It will be the responsibility of the Director of Finance to inform any requesting department of expenditure requests that appear to be inconsistent with original appropriations. It will, also, be the responsibility of the Director of Finance to inform the Budget and Finance Committee of any such invoices that cannot be resolved by the Director and the requesting department.

The Director shall administer all funds in accordance with the laws affecting this county and as prescribed for such agencies as described in Section 3 (b). The Director shall establish a payroll system for the entire county, and maintain a complete set of records, and set-up a check and balance system for pre-audit and post audit of all payrolls. The Director is hereby authorized to maintain a special county payroll account at a local bank in which disbursement warrants for the total net payroll may be deposited and against which payroll checks for the net earnings may be issued to each county employee.

(b) RECEIPTS OF FUNDS -- RECEIVABLE WARRANTS. Excepting taxes such as the County Trustee is authorized to collect, the payment of all monies to the County Trustee by any collectors authorized by statute, or by anyone on account due the county, shall be made only by issuance of a receivable warrant signed by the County Executive instructing the Trustee to receive the amount named, for which the Trustee shall issue his receipt, duplicate of which shall be delivered to the Director of Finance to be used by him in posting the accounting records.

All monies received for each department or fund as established by law shall be deposited in such fund and distributed and used according to law.

(c) PAYMENT OF OBLIGATIONS -- DISBURSEMENT WARRANTS. 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 of Finance. Said Director shall establish a system for making a careful pre-audit 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. Disbursement warrants shall be promptly prepared for all such approved obligations by the Director of Finance Office, signed in accordance with Section 5 (d), and mailed or delivered to the payees thereof.

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 of Finance.

(d) SIGNING OF DISBURSEMENT WARRANTS AND PAYROLL CHECKS. All disbursement warrants drawn on the County Trustee for the obligations of the County Executive, the County Highway Department, and County Department of Education, shall be signed in accordance with the law. After the disbursement warrants are prepared in the Director of Finance Office, the disbursement warrant shall be provided to each department for signing. Upon the signing of said warrant, the department head signing the disbursement warrant may keep one (1) copy for filing in such department. The original and all other copies of such warrant shall be returned to the Director of Finance Office for filing and mailing from such office.

In lieu of each department signing disbursement warrants, the departments may authorize the Director of Finance to use a signature plate in accordance with the law and approval by the State Comptroller of the Treasury, provided a copy of such disbursement warrant is provided the department authorizing the use. 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. A record shall be maintained indicating when the signature plate is used, numbers of the warrants signed, and the person using such plate.

SECTION 6. Any official named in this Act, or any other official, agent, or employee of the county, who shall fail or refuse to perform the duties required of him under this Act, or who shall otherwise fail or refuse to conform to the provisions of this Act, shall be deemed guilty of a misdemeanor and subject to removal from office.

SECTION 7. This Act shall have no effect unless it is approved by a two-thirds (2/3) vote of the County Legislative Body of Rutherford County. Its approval or rejection shall be proclaimed by the presiding officer of the Legislative Body and certified by him to the Secretary of State.

SECTION 8. 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 upon being approved as provided in Section 7.

Passed: March 19, 1979.

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