

Jay West

From: Justin Wilson [Justin.Wilson@cot.tn.gov]
Sent: Thursday, October 04, 2012 9:08 AM
To: Justin Wilson
Subject: County Financial Management System (CFMS) of 2013
Attachments: County Financial Mgt 2013 100412.pdf

Dear Friends,

Attached is a draft of the County Financial Management System (CFMS) of 2013. I appreciate all of the hard work and the input that has led to the creation of this important piece of legislation.

In summary, the CFMS:

1. Will be a local option Act, not an unfunded mandate.
2. Will provide for a more modern and efficient system of centralized accounting, budgeting, purchasing, payroll, debt management, cash management, and grant management utilized by all county departments.
3. Will reduce the duplication of services.
4. Will result in more professional fiscal leadership that has a strong financial and accounting background.
5. Will require the creation of two committees: Finance Committee and Audit Committee.
6. Will create a central finance department run by a finance director appointed by the County Mayor and approved by a 2/3 majority of the County Commission.
7. Will establish a budget process intended to eliminate the back and forth between the County Commission and the School Board.
8. Will improve access to information by standardizing and centralizing accounting records as well as improving financial reporting and transparency for all departments.
9. Will improve county-wide planning for cash, asset, and debt management.
10. Will result in better, more accountable government.

Please review the draft bill and let us know if you have any additional comments. We look forward to meeting with your constituents in the coming days to discuss the CFMS in more detail.

Thank you,

Justin P. Wilson
Comptroller of the Treasury

AN ACT to amend Tennessee Code Annotated, Title 5 and Title 7, relative to fiscal procedures in county government.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 5, is amended by adding Sections 2 through 30 of this act as a new, appropriately designated chapter.

SECTION 2. This chapter shall be known and may be cited as the "County Financial Management System of 2013."

SECTION 3. It is the purpose of this chapter to provide county governments with a modern and efficient system for the management of county finances, including, but not limited to, accounting, budgeting, purchasing, debt management, grant management, payroll, and cash management.

SECTION 4.

(a) This chapter shall be local in effect and shall become effective in a particular county upon a two-thirds (2/3) majority vote of the county legislative body adopting this chapter, or upon a majority of the voters casting votes in any election held for the purpose of approving this chapter. The county legislative body, in its discretion, shall determine which of the preceding methods of local approval shall be used.

(b) If the county legislative body chooses the method of local approval that requires the vote of the legislative body, then subsection (c) or (d) shall not be applicable in the county.

(c) If the county legislative body chooses the method of local approval that requires a referendum, then the county legislative body shall adopt a resolution, duly certified to the election commission, requesting such an election be held. Upon receipt of the resolution, the county election commission shall call and conduct an election on the

question pursuant to § 2-3-204 to determine whether this chapter shall become effective in the county.

(d) If the county legislative body takes no action to implement this chapter, the county election commission shall call an election pursuant to § 2-3-204 for the purpose implementing this chapter in the county after receiving a petition signed by ten percent (10%) of the qualified voters of the county, stating that they favor this law and requesting that an election be held in the county on the subject, the number of qualified voters in the county being deemed to be the total number of votes cast for all candidates for governor in the last general election.

SECTION 5. As used in this chapter, unless the context otherwise requires:

(1) "Agency" means any entity of the county government, including, but not limited to, boards, commissions, departments and offices headed by employees or officers of the county;

(2) "Capital asset" means land, improvements to land, easements, buildings, 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 a single reporting period;

(3) "Chief administrative officer" has the same meaning as defined in § 54-7-103;

(4) "County mayor" means county executive or county mayor;

(5) "Purchase" means the purchase, lease, lease-purchase, or contract for procurement of real and personal property or services or any combination thereof; and

(6) "Special committee" means any of the following: budget committee, purchasing committee, investment committee or debt management committee.

SECTION 6.

(a) There is created a finance department to administer the finances for all funds of the county maintained by the county trustee.

(b) The finance department shall be responsible for accounting; budgeting; purchasing, unless a separate central purchasing department is created as provided in Section 10(f)(2); debt management; grant management; payroll; and cash management for all agencies of the county as provided in this chapter and shall develop a system in conformity with generally accepted governmental accounting principles and practices prescribed by the comptroller of the treasury.

(c) The operating budget of the finance department and central purchasing department, if created, shall be allocated between the county general fund, county highway fund, and county general purpose school fund. Each fund's allocation shall be based upon the percentage of expenditures budgeted from the fund in the last adopted operating budget of the county for a fiscal year as compared to the total expenditures budgeted from these three (3) funds. The county legislative body may elect to permanently reallocate revenues and expenditures from these three (3) funds and fund the budget of the finance department and central purchasing department, if created, solely in the county general fund without affecting maintenance of effort in the highway fund and county general purpose school fund.

(d) The county legislative body shall provide adequate office space and shall appropriate adequate funds for equipment and supplies necessary for the efficient operation of the finance department and central purchasing department, if created.

(e) All employees performing the functions of accounting, budgeting, purchasing, debt management, grant management, payroll and cash management for the various agencies of the county shall be transferred to the finance department or central purchasing department and shall function under the supervision of the finance director or

purchasing agent, except for the following: any employees the finance director or purchasing agent does not require and the head of the agency agrees to retain, and employees of any officer enumerated in § 8-22-101 needed to perform the duties of such office as determined by such county officer. Notwithstanding any other law to the contrary, all employees transferred to the finance department or central purchasing department and the salaries, benefits and expenses relating to such personnel shall be budgeted under the finance department or central purchasing department. Officers enumerated in § 8-22-101 may continue to have employees to perform duties regarding receipt and disbursement of funds, and accounting for same, which are directly related to the duties of their respective offices; provided, that all other accounting, budgeting, purchasing, debt management, grant management, payroll, and cash management functions shall be performed by the finance department or central purchasing department, except as otherwise specified in this chapter.

(f) All fees and commissions allowed, collected or in any manner received by any county officer enumerated in § 8-22-101 as a fee or commission of the office shall be transferred to the county trustee monthly and deposited in the county general fund. The county legislative body shall make the necessary appropriations from the county general fund and pay to any officer enumerated in § 8-22-101 the salary as fixed by § 8-24-102 and the authorized expenses fixed by law for the operation of the office including the salaries and related expenses of all deputies and assistants as authorized by title 8, chapter 20, irrespective of the fees earned or collected by the officers. The number and salary of deputies and assistants of the officers listed in § 8-22-101 shall continue to be set pursuant to title 8, chapter 20.

(g) Any county officer enumerated in § 8-22-101 shall continue to maintain an official bank account as provided in § 5-8-207.

(h)

(1) Notwithstanding subsections (a) - (g), the county legislative body, by resolution adopted by a two-thirds (2/3) majority vote, may exclude from this chapter any facility that is owned or operated by the county and utilizes an enterprise fund, including, but not limited to, any county hospital, nursing home, medical facility, long-term care facility, assisted living facility, or public utility. If any of these facilities are excluded, the county legislative body may establish by resolution, after allowing the finance committee to submit recommendations, financial procedures and reporting requirements for these excluded facilities, including:

(A) Monthly financial reports;

(B) Annual audits by persons or entities approved by the finance committee and the comptroller of the treasury;

(C) Inspection of records, bank statements, and other financial records; and

(D) Approval of the annual budget by the county legislative body after receiving the recommendation of the special budget committee, if established, or the finance committee.

(2) If the funds of a facility are excluded from the provisions of this chapter pursuant to this subsection (h), the funds of the facility may be included for the next succeeding fiscal year and each succeeding fiscal year upon adoption of a resolution of the county legislative body by a two-thirds (2/3) majority vote.

SECTION 7.

(a) A finance committee is created.

(b) The finance committee shall consist of seven (7) members as follows: the county mayor or the mayor's designee; chief administrative officer of the county highway department or the officer's designee; director of schools or the director's designee; the county trustee; two (2) members to be determined by resolution of the county legislative body; and one (1) member to be determined by resolution of the county board of education at the first regular session of the county legislative body and the county board of education held on or after September 1 of each year or at any subsequent session.

(c) The three (3) members determined by resolutions of the county legislative body and the county board of education to serve on the finance committee may be members of the county legislative body, county board of education, or other county residents.

(d) The finance committee at its first meeting after September 1 of each year shall elect a chairperson for a term of one (1) year and shall annually elect a vice-chairperson who shall serve as chair of the finance committee during the absence of the chairperson.

(e) The finance committee shall meet from time to time at the call of the chairperson or a majority of the members as necessary and prudent for the discharge of its duties.

(f) The finance director shall be secretary to the finance committee and shall be responsible for keeping records of the actions of the finance committee. The finance director may speak at meetings of the finance committee as the finance committee may deem proper; provided, that the finance director shall not vote on any matter before the finance committee.

(g) The finance committee shall establish and approve policies, procedures, and regulations in addition to the specific provisions of this chapter, for implementing a sound

and efficient financial system for administering the funds of the county. The financial system shall include accounting, budgeting, purchasing, debt management, grant management, payroll, and cash management; provided, that the finance committee shall not usurp the powers and duties of the special committees that may be established pursuant to this chapter.

(h) The finance committee may promulgate personnel policies for the finance department not in conflict with title 5, chapter 23, after receiving the recommendations of the finance director.

(i) The county mayor or any department head or officer of the county having custody of real property, excluding real property titled to the county board of education, may request that the real property over which the mayor, department head, or officer has custody be declared surplus and be sold or transferred from the ownership or possession of the county or the custody of the mayor, department head, or officer. Any request shall be made to the finance committee or purchasing committee, if created. The finance committee or purchasing committee, if created, shall make recommendations to the county legislative body regarding whether the real property requested to be declared surplus should be kept, its use changed, sold, or otherwise disposed of, and shall make a recommendation as to the proper use or disposition of the property to the county legislative body, which shall make the final determination as to the use and disposition of all county real property not titled to or leased by the county board of education.

(j) The finance committee shall adopt policies, procedures, and forms that shall be used to account for capital assets in accordance with generally accepted governmental accounting principles. All county officials, department heads, and employees shall, upon request, supply to the finance director information necessary to establish and maintain records of capital assets.

SECTION 8.

(a) The county legislative body shall establish an audit committee in accordance with § 9-3-405(b), unless a county legislative body has previously established an audit committee pursuant to § 9-3-405(a). All meetings of the audit committee shall be governed by § 9-3-405(c) - (i).

(b) The county legislative body may by resolution create and constitute any or all of the separate special committees as provided in subdivisions (1) - (4). If any of the committees are not created, the finance committee shall assume the duties of the special committees. The special committees are as follows:

(1) A budget committee, which shall consist of five (5) members as follows: the county mayor or the mayor's designee, chief administrative officer of the county highway department or the officer's designee, director of schools or the director's designee; and two (2) other members. One (1) of the other members shall be appointed by the county mayor, and one (1) of the other members shall be appointed by the director of schools. The member appointed by the county mayor is subject to confirmation by the county legislative body. The member appointed by the director of schools is subject to confirmation by the county board of education.

(2) A purchasing committee, which shall consist of five (5) members as follows: the county mayor or the mayor's designee, chief administrative officer of the county highway department or the officer's designee, director of schools or the director's designee, a member of the county legislative body elected by the county legislative body, and a member of the county board of education elected by the county board of education.

(3) An investment committee, which shall consist of five (5) members as follows: the county mayor or the mayor's designee, the director of schools or the director's designee, the county trustee, and two (2) other members. The county legislative body shall determine by resolution whether the other members are required to be members of the county legislative body. Members of the investment committee that are members of the county legislative body shall be elected by the county legislative body. Any members of the investment committee, other than the county trustee and county mayor or the mayor's designee, that are not members of the county legislative body shall be appointed by the county mayor subject to confirmation by the county legislative body.

(4) A debt management committee, which shall consist of five (5) members as follows: the county mayor or the mayor's designee, the director of schools or the director's designee, and three (3) other members. The county legislative body shall determine by resolution whether the other members are required to be members of the county legislative body. Members of the debt management committee that are members of the county legislative body shall be elected by the county legislative body. Any members of the debt management committee, other than the county mayor or the mayor's designee and the director of schools and the director's designee, that are not members of the county legislative body shall be appointed by the county mayor subject to confirmation by the county legislative body.

(c)

(1) Appointive or elective members of any special committee created pursuant to this chapter shall be appointed or elected annually to serve for a term of one (1) year and shall be appointed so as to be confirmed by the county

legislative body or the county board of education at its first regular meeting on or after September 1 of each year or at any subsequent meeting.

(2) The county mayor or the mayor's designee shall serve as chairperson of each special committee created pursuant to this chapter until the special committee shall annually elect a chairperson at its first meeting. Each special committee shall annually elect a vice-chairperson to serve in the absence of the chairperson.

(3) The finance director shall be secretary to each special committee established pursuant to this chapter and shall be responsible for keeping records of the actions of the special committee; provided, however, that if a person other than the finance director is designated as the county purchasing agent, the county purchasing agent shall serve as secretary to the purchasing committee. The secretary may speak at meetings of the special committee as the special committee may deem proper; provided, that the secretary shall not vote on any matter before the special committee.

(4) The county legislative body shall by resolution set the compensation, if any, for the members of the various committees required or authorized by this chapter.

SECTION 9.

(a)

(1) The county mayor of any county that has adopted the provisions of this chapter shall appoint, subject to a two-thirds (2/3) majority approval of the county legislative body, a finance director.

(2) If the members of the county legislative body are equally divided upon a vote on the appointment of the finance director, then the county legislative body

shall vote on the appointment each day for at least three (3) days, but no longer than thirty (30) days. The same procedure shall be followed in filling vacancies pursuant to Section 10(e).

(3) If a tie vote by the county legislative body to approve the appointment or fill the vacancy is unbroken for thirty (30) days from the tie vote, then the commissioner of revenue, at the direction of the county mayor and comptroller of the treasury, shall withhold the amount of state-shared taxes which are otherwise apportioned to the county. The withheld funds shall be held in reserve by the department of revenue and allocated to the county upon the county being compliant as determined by the comptroller of the treasury. In the event the appointment is approved or the position is filled, the county mayor shall submit the name of the finance director or interim finance director to the commissioner of revenue and comptroller of the treasury, and the commissioner of revenue shall resume the apportionment of state-shared taxes to the county.

(4) The county mayor may dismiss the finance director, subject to a two-thirds (2/3) majority approval of the county legislative body. The finance committee shall be responsible for ensuring the finance director complies with the various provisions of this chapter.

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

(c) The finance director shall have as a minimum qualification a bachelor's degree from an accredited college or university with at least twelve (12) semester hours of accounting or finance, or both, plus at least three (3) years of experience in an accounting or finance position. During the selection process, the finance committee shall consider not only the candidate's education and experience, but also professional certifications from nationally recognized professional organizations in the field of

accounting and finance, and other criteria as established by the finance committee. The finance director shall annually obtain at least twenty-four (24) hours of continuing professional education (CPE) in the field of governmental accounting and finance. If the finance director has achieved a professional certification from a nationally recognized professional organization in the field of accounting or finance, the finance director shall obtain the required number of CPE hours to maintain the professional certification, which hours may be counted toward meeting the twenty-four (24) minimum hours required above. Notwithstanding any of the provisions of this section, any person serving as a director of finance pursuant to the County Financial Management System of 1981, compiled in title 5, chapter 21, director of accounts and budgets pursuant to the County Fiscal Procedure Law of 1957, compiled in title 5, chapter 13, or any similar private act on the date this chapter becomes effective in any county, shall be eligible for appointment as the finance director and shall be required to fulfill the above-noted CPE requirement annually.

(d) The compensation of the finance director shall be determined by the finance committee within the limitations of the budget; provided, that the compensation shall not be less than the salary paid to the county trustee, and in addition to the salary, the county shall appropriate sufficient funds to pay for applicable professional organization dues, professional certifications, and the costs of obtaining required CPE credit.

SECTION 10.

(a) The finance director shall be the head of the finance department and oversee its operations. The finance director has authority to hire, promote, demote, discipline, and dismiss employees of the finance department consistent with the personnel policies applicable to the finance department. The finance director shall determine compensation of employees of the finance department within the budget.

(b) The finance director shall be responsible for implementation of the policies of the finance committee and the decisions of the finance committee and any special committee established pursuant to this chapter.

(c) The finance director shall implement and maintain an accounting, budgeting, purchasing, debt management, grant management, payroll, and cash management system for the county and shall assist other county officers and department heads as necessary to achieve an efficient financial management system for the county. The finance director shall establish and maintain records of capital assets of the county in accordance with generally accepted governmental accounting principles. The finance director shall annually develop long-range plans for addressing any long-term liabilities, such as landfill closure/postclosure care costs, and employee benefits, such as pensions and other postemployment benefits, and present these plans to the finance committee for its consideration.

(d) The finance committee may establish a position of deputy finance director. If the position of deputy finance director is established, the finance director shall appoint the person subject to the approval of the finance committee. Any person serving as deputy finance director shall be an employee of the finance department and shall perform those duties and responsibilities as are assigned by the finance director. In the absence of the finance director, other than a vacancy in the position, the deputy finance director shall perform the duties of the finance director necessary to the continued operation of the finance department. In the event of a vacancy in the position of finance director, the deputy finance director shall perform the duties of the finance director necessary to the continued operation of the finance department until an interim finance director or finance director is appointed by the county mayor with the approval of the finance committee.

(e) In the event of a vacancy in the position of finance director, the county mayor may appoint, subject to two-thirds (2/3) majority approval of the county legislative body, any person to the position of interim finance director to assume the duties of the finance director until a finance director is appointed. An interim finance director shall not serve longer than ninety (90) days consecutively without the approval of the county legislative body. The procedures for breaking a tie vote and withholding state-shared taxes as provided in Section 9(a)(3) shall apply to vacancies under this subsection (e). The compensation of the interim finance director shall be set by the finance committee within the budget. The line item in the operating budget for the finance director may be used to compensate the interim finance director. The interim finance director need not have the qualifications of a finance director.

(f)

(1) The finance director may serve as purchasing agent; however, the finance director may delegate duties as purchasing agent to the deputy finance director or other employee of the finance department upon notification of this action to the finance committee. Similarly, any change in the person designated as purchasing agent by the finance director shall be made to the finance committee.

(2)

(A) As an alternative to subdivision (f)(1), the county legislative body may elect by a two-thirds (2/3) majority approval of the county legislative body, to establish a central purchasing department separate and apart from the central finance department. In that instance, the county mayor of any county that has adopted the provisions of this chapter shall appoint, subject to a two-thirds (2/3) majority approval of the

county legislative body, a purchasing agent. If the members of the county legislative body are equally divided upon a vote on the appointment of the purchasing agent, then the county legislative body shall vote on the appointment each day for at least three (3) days, but no longer than thirty (30) days. The same procedure shall be followed in filling vacancies pursuant to subdivision (f)(2)(D).

(B) If a tie vote by the county legislative body to approve the appointment or fill the vacancy is unbroken for thirty (30) days from the tie vote, then the alternative purchasing system noted in 2(A) is void and purchasing reverts to the finance department as noted in subdivision (f)(1).

(C) The county mayor may dismiss the purchasing agent subject to a two-thirds (2/3) majority approval of the county legislative body. If the county legislative body elects to have a separate purchasing department, the finance committee or purchasing committee, if created, shall be responsible for ensuring the purchasing agent complies with its adopted purchasing policies and procedures and establishing minimum qualifications, if any, for the purchasing agent. The purchasing agent shall for all purposes be an employee of the county. The compensation of the purchasing agent shall be determined by the purchasing committee within the limitation of the budget. The purchasing agent shall be the head of the purchasing department and oversee its operations. The purchasing agent has authority to hire, promote, demote, discipline, and dismiss employees of the purchasing department consistent with the personnel policies applicable to the purchasing department. The

purchasing agent shall determine compensation of employees of the purchasing department within the budget. The purchasing agent shall be responsible for implementation of the policies and procedures established by the purchasing committee

(D) In the event of a vacancy in the position of the purchasing agent, the county mayor may appoint, subject to the approval of the purchasing committee, someone to the position of interim purchasing agent to assume the duties of the purchasing agent until a purchasing agent is appointed. An interim purchasing agent shall not serve longer than ninety (90) days consecutively without the approval of the county legislative body. The procedures for breaking a tie vote as provided in this subdivision (f)(2) shall apply to vacancies under this subdivision (f)(2)(D).

(E) The compensation of the interim purchasing agent shall be set by the purchasing committee within the budget. The line item in the operating budget for the purchasing agent may be used to compensate the interim purchasing agent. The purchasing department shall be open for business during hours established by the finance committee or purchasing committee, if created, and as needed for emergencies or disasters. Notwithstanding the provisions of this subdivision (f)(2), any person serving as a purchasing agent pursuant to county legislative action on the day this chapter becomes effective in the county shall be eligible for appointment as the purchasing agent.

SECTION 11.

(a) The finance director shall execute a surety bond in an amount not less than one hundred thousand dollars (\$100,000), for the faithful performance of the finance

director's duties in accordance with the general law on county officials' bonds. The bond shall be prepared in accordance with the provisions of title 8, chapter 19, approved by the county legislative body, filed with the county clerk for safekeeping, and recorded in the office of the register of deeds.

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

(c) The amount of the bond may be increased by the finance committee subject to additional appropriations for the cost of such additional bond amount.

(d) If a purchasing agent is designated other than the finance director, then the purchasing agent shall execute a surety bond in the same amount and manner as the finance director.

SECTION 12.

(a) On or before February 1 of each year, the finance director shall furnish to the administrative head of each agency of the county, budget forms on which to submit a proposed budget. The forms shall contain columns for the posting of amounts from the last audit, the amended budget of the current fiscal year, estimated revenues and expenditures of the current fiscal year, and the proposed budget amount for the ensuing fiscal year and such additional requirements as may be required by the comptroller of the treasury or the finance committee or budget committee, if created by the county legislative body. The finance director shall have forms available for all nonprofit organizations requesting an appropriation of county funds by February 1 of each year.

(b) On or before March 15 of each year, the assessor of property shall furnish a best estimate of the actual assessed value of all taxable property within the county for the ensuing fiscal year to the finance director. On or before April 1 of each year, the finance director shall furnish to the county mayor, director of schools, and to the chief

administrative officer of the county highway department an estimate of the amount of revenue to be generated by one cent of the county property tax rate for each taxing jurisdiction for the ensuing fiscal year.

(c) On or before May 1 of each year, each head of each agency of the county requesting an appropriation of county funds shall provide the finance director with a proposed budget document on the approved budget forms and any other information as may be requested by the finance director or budget committee.

(d) On or before May 1 of each year, each nonprofit organization requesting an appropriation of county funds shall file a request for the funds with the finance director.

(e) The director of schools and the chief administrative officer of the county highway department shall file by May 1 of each year a proposed property tax rate, if any, to fund the requested budget for their respective departments. The county mayor shall file by May 1 of each year a proposed county property tax rate, if any, and the budgets of all applicable funds for all departments of the county.

SECTION 13.

(a) On or before May 15 of each year, the finance director shall consolidate all of the budget proposals from all agencies of the county and requests from nonprofit organizations and present a proposed consolidated operating budget document to the budget committee. The consolidated operating budget document shall comply with provisions of the county uniform chart of accounts approved by the comptroller of the treasury and show by major categories and line items the amounts requested by the various county agencies and nonprofit organizations for their operations during the ensuing fiscal year. The 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 consolidated operating budget document shall show 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.

(b) The budget committee shall review the proposed consolidated operating budget and shall hear from the heads of all agencies of the county and any nonprofit organization requesting an appropriation from the county who desire to address the budget committee. The budget committee may request and receive documents from all agencies of the county and any nonprofit organization requesting an appropriation from the county. The budget committee may request the heads of all agencies of the county and nonprofit organizations to appear before the budget committee to discuss the budget proposals and provide documents to the budget committee. It shall be the duty of the heads of all agencies of the county and nonprofit organizations to appear before the budget committee to discuss the budget proposals and provide documents to the budget committee when so requested.

(c) The budget committee may not lower the request from any agency of the county without giving the head of such agency the opportunity to speak before the budget committee about the proposed budget.

(d) The budget committee may alter major categories and line items in the proposed consolidated operating budget without approval of the affected agency or organization, except as follows:

(1) The budget committee may propose to increase or reduce the total budget of the county department of education; provided, the committee shall submit a copy of the proposed adjustment to the county board of education for its review and approval. Any reductions in the total budget of the county department of education shall not conflict with requirements of state law for funding of the county department of education. If the county board of education votes not to approve reductions or increases in the total budget of the county education department proposed by the budget committee, then the county board of education shall meet with the budget committee at a time and place designated by the chair of the budget committee and approved by the chair of the county board of education. The budget committee and county board of education shall attempt to resolve any differences in recommended amounts for the operating budget of the county department of education and shall meet as often as necessary in order to reach agreement. If any differences are not resolved by June 15 in any year, then a proposed operating budget shall be proposed pursuant to subsection (g). Upon agreement between the budget committee and county board of education regarding the operating budget of the county department of education, the county board of education shall prepare a major category and line item budget within the agreed amount and submit the revised budget for the county department of education to the finance director.

(2) Line item amounts presented within major categories for the county highway department's budget shall be determined by the chief administrative officer of the county highway department. The budget committee may propose to reduce or increase major categories; however, any reductions in major

categories shall not conflict with requirements of state law for funding the county highway department.

(3) The personnel budget for the sheriff's office shall not be decreased from that of the current fiscal year without the consent of the sheriff according to § 8-20-120.

(4) The budget for the county election commission shall conform to the requirements of §§ 2-12-109 and 2-12-209.

(5) The budget committee's proposals shall conform to the requirements of title 8, chapter 20.

(e) The budget committee shall fully provide in the proposed, revised consolidated operating budget for all legal requirements, including, but not limited to, debt service, interest and bond maturities, and for any fund deficit in any fund at the beginning of the fiscal year. The budget committee shall fully provide for any court-ordered expenses.

(f) The proposed, revised consolidated operating budget shall include budgetary comparisons by individual fund as required by subsection (a) and shall summarize all data regarding revenues and expenditures by major category and by line item according to the county uniform chart of accounts approved by the comptroller of the treasury. The consolidated budget shall also include a separate schedule that details by fund the estimated beginning and ending components of fund balance as provided by generally accepted governmental accounting principles.

(g) On or before June 15 of each year, the budget committee shall propose a revised consolidated operating budget for the ensuing fiscal year to the county legislative body to be known as the "proposed operating budget". If agreement has not been reached with the county board of education on the proposed total budget for the county

department of education in any year by June 15, then the budget committee shall provide the county legislative body with both the proposed total budget and an alternative proposed total budget for the county department of education as proposed by the county board of education. However, if agreement is reached between the budget committee and the county board of education regarding total revenues and total expenditures for the county department of education before September 1 of each year, then the budget committee shall present a new modified proposed budget to the county legislative body conforming to this agreement.

(h) The proposed operating budget shall be accompanied by a "budget message" prepared by the finance director explaining the revenue sources and outlining the services, work, and activities to be financed by the proposed budget.

(i) The budget committee shall also present to the county legislative body a proposed budget appropriation resolution and proposed tax levy resolution when the proposed operating budget is presented.

(j) Upon the budget committee submitting the proposed operating budget as required by subsection (g), the finance director shall deliver a copy of the proposed operating budget and the budget message to the county clerk, who shall hold a copy for public viewing; the county mayor; director of schools; chief administrative officer of the county highway department; and each member of the county legislative body.

(k) The finance director shall cause a summary, by major category of the proposed operating budget, and a summary of the budget message to be printed in a newspaper of general circulation in the county within ten (10) days after its delivery to the county clerk. 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. If an alternative proposed operating budget for the county department of education is presented to the county legislative body, then the finance director shall cause a summary of this budget to be printed in a newspaper of general circulation in the county within ten (10) days after its delivery to the county clerk.

(l) At the time of the submission of the proposed operating budget by the budget committee to the county legislative body, the finance director shall report to the county legislative body as to whether any portion of the proposed operating budget would likely cause either a reduction of state funds or the county receiving an amount less than what the county could otherwise be eligible to receive.

SECTION 14.

(a) On or before September 15 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 taxes, county aid funds, federal funds, fees and fines, which are to be used in the operation and programs of the various agencies of the county shall be appropriated to such use by the county legislative body. The county legislative body may alter or revise the proposed operating budget, proposed appropriation resolution, and proposed tax levy resolution except as follows:

(1) The county legislative body may propose to reduce the total budget of the county department of education; provided, it shall not alter major categories and line items. Upon the county legislative body proposing such reduction, the county department of education shall meet to consider the recommendations of the county legislative body. The county legislative body and the county board of education shall attempt to resolve any differences in recommended total amounts for the operating budget of the county department of education. Upon agreement

between the county legislative body and the county board of education regarding the total budget of the county department of education, the county board of education shall make a major category and line item budget within the agreed amount. Any reductions in the total budget of the county department of education shall not conflict with requirements of state law for funding the county department of education.

(2) The county legislative body may alter major categories and line items in the budget of the county highway department, except line item amounts within major categories for payroll shall be determined by the chief administrative officer of the county highway department. The chief administrative officer shall, within fifteen (15) days of adoption of the final operating budget by the county legislative body, submit the line item amounts for the county highway department budget to the finance director for inclusion in the final operating budget.

(3) The personnel budget for the sheriff's office shall not be decreased from that of the current year without the consent of the sheriff according to § 8-20-120.

(4) The budget for the county election commission shall conform to the requirements of §§ 2-12-109 and 2-12-209.

(b) The county legislative body shall provide appropriations for all legal requirements, including, but not limited to, debt service, interest and bond maturities, and for any fund deficit in any fund at the beginning of the fiscal year, and any court-ordered expenses.

(c) If the county legislative body fails to adopt an operating budget, property tax levy resolution setting the property tax rate, and an appropriation resolution by September 15 of each year, then the proposed operating budget and the accompanying

property tax rate and appropriations proposal submitted by the budget committee shall become effective by operation of law for the ensuing fiscal year; except, that the originally proposed operating budget for the county department of education presented to the budget committee by the county board of education, and the accompanying property tax rate for education and the appropriation for the county department of education embodied in the original budget proposal by the county board of education, shall become effective by operation of law for the ensuing fiscal year. Any increase to expenditures under the county board of education budget shall not exceed the prior year's total actual expenditures plus any increase required by the state for BEP funding and maintenance of effort.

(d) Notwithstanding subsections (a) and (c), if prior to September 15, the county mayor has received certification from the director of the division of property assessment, office of the comptroller of the treasury, that the September 15 date referred to in this section is changed for this year to another date specified by the director of the division of property assessment as appropriate, then the date so specified shall be used in substitution of the September 15 date for that year for purposes of this section. This certification may only be made in a year in which the county has had a reappraisal of property values and the total value of property in the county has not been ascertained in time for the county legislative body to reasonably consider a property tax rate.

(e) Prior to the adoption of an operating budget, the county mayor; board of education, through its designated representative; the chief administrative officer of the county highway department; any general officer listed in § 8-24-102(a); and the head of any other agency of the county shall have the right to address the county legislative body regarding the proposed county operating budget.

(f)

(1) Within fifteen (15) days after the final adoption of an operating budget either by resolution of the county legislative body or by operation of law, the county board of education shall adopt major expenditure categories and line item expenditure amounts of the operating budget, and shall submit this detailed operating budget for the county department of education to the finance director who shall incorporate this detailed county department of education budget into the final operating budget for the county.

(2) If the operating budget for the county department of education adopted by the county legislative body is not approved by the appropriate state authorities because the county legislative body did not budget and appropriate funds adequate to meet the minimum legal funding requirements, the county board of education and the county legislative body shall amend the total revenues or expenditures, or both, within the adopted operating budget for the county department of education in order to conform to minimum legal funding requirements. This action shall take place within thirty (30) days of being notified by the appropriate state authorities of this non-approval. The county board of education shall amend major categories and line item amounts within the major categories as necessary to conform to the amended operating budget for the county department of education as adopted by the county legislative body. This action shall be completed within thirty (30) days of adoption of the revised budget by the county legislative body and the revised budget shall be submitted to the finance director upon its adoption.

(g) On or after July 1 of each year and until a final operating budget is adopted or becomes effective by operation of law, the operating budget of the previous year and the appropriation resolution of the previous year shall be continued by operation of law

without further action of the county legislative body; provided however, all agencies of the county and other entities receiving appropriated county funds shall not encumber more than one-twelfth (1/12) of the annual budgeted amounts, for either a major category or a line item within a major category, during any month the continuation operating budget is in effect, unless specifically authorized to do so by resolution of the county legislative body. During the time that such continuation operating budget is in effect, such budget may be amended according to the procedures for amending a final operating budget as provided in this chapter, and amendments shall be made as necessary to provide for debt obligations and court-ordered expenditures.

(h) The setting of a property tax rate, by adoption of a resolution by the county legislative body or by operation of law, constitutes a valid tax levy for collection purposes.

SECTION 15.

(a) Amendments to the final adopted operating budget of the county shall be made as follows:

(1) Amendments to line items and major categories which do not increase the grand total of appropriations in the original adopted budget of the county department of education shall be proposed by the director of schools and approved by the county board of education. Amendments to line items and major categories that increase the total revenues or appropriations, or both, of the original adopted budget shall be submitted by the county board of education by the director of schools to the budget committee and county legislative body for their approval. The director of schools shall report the amendments to the finance director within fourteen (14) days of proposing the amendments.

(2) Amendments to major categories of the budget other than the county department of education may be proposed by the county mayor, chief administrative officer of the county highway department, and the head of any other agency of the county whose budget is to be amended. The amendments to the major categories of the budget proposed under this subdivision (a)(2) shall be approved by the budget committee and the county legislative body to be effective; provided, that the county legislative body may modify any amendments prior to approval, and provided, further, that the budget of the county highway department shall not be amended without the approval of the chief administrative officer of such department. If the budget committee does not act upon an amendment to a major category of the operating budget proposed by the county mayor or chief administrative officer of the county highway department within fourteen (14) days after being submitted to the budget committee, then the county legislative body may consider and act upon the proposed amendment without a recommendation from the budget committee.

(3) Amendments to line items within major categories of the budgets of all agencies of the county and other organizations other than the county board of education, proposed by the head of the county agency or other organization shall be subject to the approval of the county mayor, except that any amendment of line items affecting the compensation of personnel shall also have the approval of the county legislative body after receiving the recommendation of the budget committee concerning the proposed amendment. The budget committee shall make its recommendation within fourteen (14) days after receiving the proposed line item amendment affecting the compensation of personnel, and if not made within that time, the county legislative body may consider and act upon the

proposed amendment. If the county mayor does not approve the amendment to the line item proposed by the head of the county agency or other organization within seven (7) days after being submitted, the proposal shall be considered by the budget committee and shall be effective if approved by the budget committee so long as the amendment does not affect compensation of personnel, whereupon approval of the county legislative body is also required. Any amendment to a line item within a major category approved by the county mayor shall be reported to the finance director and budget committee. Any amendment to a line item within a major category approved by the budget committee shall be reported to the finance director. Notwithstanding subsection (a), line item amendments within major categories of the budget of a county highway department may be made by the department's chief administrative officer and reported to the finance director and budget committee.

(4) The county mayor may propose line item amendments within major categories of the final operating budget other than those of the county department of education, county highway department, the county election commission, the sheriff, and the general officers listed in § 8-24-102(a). Such proposed amendments are subject to the approval of the budget committee, and also of the county legislative body if the proposed amendment affects compensation of personnel. The budget committee shall make its recommendation within fourteen (14) days after receiving the proposed line item amendment affecting the compensation of personnel, and if not made within that time, the county legislative body may consider and act upon the proposed amendment without the recommendation of the budget committee.

(b)

(1) Notwithstanding subsection (a), amendments shall be made to comply with any court order entered pursuant to title 8, chapter 20.

(2) All budget amendments shall be on forms developed by the finance director and approved by the budget committee.

SECTION 16.

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

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

(c) The appropriations made by the county legislative body shall constitute authorization for the expenditures contained therein unless otherwise limited by the county legislative body, subject to the impoundment authority granted to the finance committee, county legislative body, and county board of education pursuant to Section 17 of this chapter.

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

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

SECTION 17. If at any time the finance committee determines that the revenues or other resources are, with respect to any fund, less than was anticipated in the adopted operating budget, or if unanticipated expenditures arise which will likely create a budget deficit, the finance committee, upon certification to each member of the county legislative body for non-school funds and to the county board of education for school funds, may impound the appropriations as may be necessary to prevent deficit operation. The impoundment may be overridden by a majority vote of the county legislative body for non-school funds and the county board of education for school funds. If the county legislative body or county board of education overrides an impoundment, the county legislative body or the county board of education shall make those amendments to the operating budget as may be necessary to prevent deficit operation. The necessary amendments require a majority vote of the county legislative body or the county board of education. However, no impoundment of funds shall affect expenditures mandated by state statute or court order or funds appropriated to the offices as enumerated in § 8-22-101.

SECTION 18.

(a) On or before May 1 of each year, the county mayor, director of schools, and chief administrative officer of the county highway department shall submit to the finance director, on forms developed by the finance director and approved by the finance committee, a five (5) year plan for capital outlays and proposed means of funding such capital outlays, to be revised annually. The proposed capital outlays shall include estimated expenditure; revenues; borrowing; schedule for project completion or purchase of real and personal property, or both; and schedule for the retirement of related debt. Capital outlay for purposes of this section shall include any single purchase of a capital asset as defined in Section 5 when the total purchase price inclusive of all related expenses are expected to equal or exceed the county's capitalization threshold policy.

(b) On or before May 15 of each year, the finance director shall consolidate the details of all proposals for capital outlays noted in subsection (a) for the next fiscal year, including capital projects to be initiated during the next fiscal year and purchases requiring capital outlays during the next fiscal year. The finance committee shall recommend to the budget committee a funding source and the amount of capital outlay expenditures to include in the operating budget.

(c) The finance committee shall propose a revised consolidated capital outlay plan for the ensuing fiscal year at the same time that the proposed operating budget is presented to the county legislative body. This document shall be known as the "proposed capital project plan".

(d) The county legislative body shall review the proposed capital project plan presented by the finance committee. The county legislative body may alter the plan and shall annually adopt a capital projects plan. Prior to the adoption of a capital projects plan, the county board of education, through its designated representative, the chief administrative officer of the county highway department, and the county mayor have the right to address the county legislative body in regard to their respective agencies' capital project needs and proposal for financing capital projects.

SECTION 19.

(a) The finance director shall receive from the county mayor, director of schools, and chief administrative officer of the county highway department all proposals for the issuance of debt, and shall present such proposals, along with the recommendation of the finance director, to the finance committee or debt management committee, if created by the county legislative body, with the following exceptions:

(1) Revenue anticipation notes; and

(2) Contracts, leases, or lease-purchase agreements that do not extend beyond the current fiscal year, and

(3) Contracts, leases, and lease purchase agreements extending beyond the current fiscal year that constitute an obligation below the county's capitalization threshold policy.

(b)

(1) The debt management committee shall review proposals for the issuance of debt for conformity with the adopted capital projects plan, the operating budget for the current fiscal year, and any proposed operating budget for the next fiscal year that may have been submitted by the budget committee.

(2) Additionally, the debt management committee shall review proposals for the issuance of debt to determine whether the proposal optimizes the county's financial resources, impacts negatively upon the credit rating of the county, or whether better financing or funding proposals exist.

(3) On or before May 1 each year, the debt management committee shall report its recommendation on all proposals on the issuance of debt to the budget committee. For proposals for the issuance of debt not received during the annual budget process, the debt management committee shall submit its recommendation to the budget committee within one (1) month from receipt of the proposal.

(4) The finance director shall present for consideration by the debt management committee any form regarding the county's debt that is required to be filed with the comptroller of the treasury. The finance director shall be responsible for developing all information required by such forms. The county mayor shall not file, sign, or approve of any report regarding the county's debt

that is submitted to the comptroller of the treasury without the approval of the report by the debt management committee.

(5) The county legislative body shall not approve the issuance of any debt for which its approval is required by law until it has received the recommendation of the debt management committee, unless the debt management committee is requested by the county legislative body to make a recommendation and it fails to do so within thirty (30) days of making the request.

(c) On or before June 1 of each year, the finance director shall prepare and submit to the debt management committee a report on the current debt structure of the county, showing the amounts borrowed and date of borrowing, purpose of the borrowing, principal outstanding, interest paid, interest to be paid each year until retirement of the debt, interest rate, and source of funds for payment of principal and interest. The finance director shall make recommendations for improvements in debt management, financial soundness of the county, and whether any change in the debt structure is needed, including but not limited to early retirement of debt or refunding of debt. The debt management committee shall review this report of the finance director and shall report its recommendations regarding any proposed changes in debt structure to the county legislative body on or before July 1 of each year.

(d) The debt management committee shall prepare a debt management policy in compliance with statutory requirements and state funding board recommendations.

(e) The debt management committee shall ensure the finance director prepares and files all necessary reports required by the securities and exchange commission, the municipal securities reporting board, and all other regulatory authorities related to the county's debt.

SECTION 20.

(a)

(1) The finance director shall prepare a budgetary report each month showing the condition of the budget. This budgetary report shall be presented to the budget committee by the fifteenth (15th) day of the following month.

(2) The budgetary report shall show for each line item appropriation the total expenditures for the month and the year to date, the amount of outstanding encumbrances, and the amount of the unencumbered balance.

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

(b)

(1) The head of each agency of the county shall be furnished copies of monthly budgetary reports for their respective agency.

(2) The most recent of such budgetary reports shall be presented by the finance director at each regular session of the county legislative body and at any special session upon request of the chairperson of the county legislative body.

(3) At such time, the finance director shall advise the county legislative body of the condition of the operating budget and capital outlay plan, and of any adjustment of estimated revenues or appropriations, or both, or other action which, in the finance director's opinion, the county legislative body should take in order that the financial condition of the county is not impaired.

SECTION 21. The finance committee or investment committee, if created by the county legislative body, shall determine the investment of county funds held by the county trustee that are available for investment in accordance with § 5-8-301.

SECTION 22.

(a) The county shall use a checking system for the disbursement of funds. The checking system shall be installed and maintained by the finance director in accordance with the provisions of § 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 or persons, whichever is applicable:

(1) The director of schools and chairperson of the county board of education for disbursements from school funds;

(2) The chief administrative officer of the county highway department for disbursements from highway funds; or

(3) The county mayor for disbursements of county funds from other than school or highway 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 finance committee, and the comptroller of the treasury.

(d) Checks shall be prepared by the finance department and provided to the other officers as appropriate for signing and returned to the finance department for co-signature of the finance director. The finance department shall mail or cause to be delivered all checks drawn upon county funds held by the county trustee. The finance director may cause checks to be signed or delivered, or both, by electronic means, or funds electronically transferred from county bank accounts, upon approval of the 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 chapter.

(f) A copy of checks signed by the appropriate officers pursuant to subsection (b) shall be kept by the officers in any format authorized by law and approved by the finance committee. The finance department shall maintain a copy of all checks issued.

(g) The finance department shall maintain a record of all requisitions for disbursements and invoices correlated to the checks or electronic transfers carrying out the requisition or paying for the goods or services received as described on the invoice.

(h) The copies of checks and other records of the finance department shall be retained in accordance with retention schedules authorized by § 10-7-404.

SECTION 23.

(a) Checks to disburse funds may not be written and transfers of funds may not be made by electronic means until the finance director or his or her designated employee has reviewed the requisition, invoice, receiving documentation, or other document indicating a disbursement of county funds should be made. This review function shall be known as pre-audit. A pre-audit approval for disbursement of funds shall not be made unless the documentation supporting a disbursement of funds appears to be correct, properly authorized, and not exceeding the unencumbered balance of the appropriations against which they are chargeable. Pre-audit approval for disbursement of funds shall be made by signature of the finance director or designated employee of the finance department in a timely manner to prevent work stoppage or postponement of services and in a format developed by the finance director and approved by the finance committee.

(b) Disbursements of county funds shall be made as follows:

(1) Payroll disbursements shall be based upon documentation furnished to the finance department and certified by all heads of all 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.

(2) Disbursements for personal property received by the county shall be based upon invoices showing receipt of personal property properly requisitioned and purchased pursuant to a properly issued purchase order or report of an emergency purchase approved by the purchasing agent.

(3) Disbursements for services rendered to the county shall be based upon invoices documenting services performed and approved by the head of the agency of the county receiving the service.

(4) Disbursements pursuant to a contract or agreement shall be based upon documentation from the head of the county agency responsible for the county's obligation.

(5) Disbursements based upon a court order or settlement of a lawsuit shall be based upon the written directive of the county attorney or the attorney representing the county board of education.

(6) Disbursements for the purchase or condemnation of real property shall be based upon the written directive of the director of schools for school property, the chief administrative officer of the county highway department for highway property obtained with highway funds, and the county mayor for all other real property.

(7) Disbursements of appropriations to nonprofit organizations approved through the budgetary process shall be based upon the written directive of the county mayor.

(8) Disbursements other than those noted above shall be based upon the written directive of the county mayor.

(c) Heads of all agencies of the county and employees of the county shall furnish to the finance director or the finance director's designated employee all requested information in a timely manner so as to insure the proper and timely disbursement of county funds.

SECTION 24.

(a)

(1) Policies and procedures for purchasing for the county shall be established by the finance committee or purchasing committee, if created by the county legislative body, upon receiving the recommendations of the purchasing agent, subject to the approval of the purchasing committee. The policies and procedures for purchasing shall be made available for the use of all officers and employees of the county involved with purchasing. The purchasing committee shall establish a system whereby heads of all agencies of the county or their designees requisition real and personal property or services and provide estimates of cost. Such requisitions shall be reviewed by the purchasing agent or the purchasing agent's designee and if the requisition appears to be correct, properly authorized, and the cost will not exceed the unencumbered balance of the appropriation against which the cost of the requisition is chargeable, then the purchasing agent shall determine the proper method of obtaining the property or services, and issue purchase orders as appropriate according to this chapter and the policies and procedures of the purchasing committee. Heads of all agencies of the county may specify employees who are authorized to make requisitions, and any limitations upon their authority to act, upon written notification to the

purchasing agent and approval by the purchasing committee. Requisitions for a contract, lease, or lease-purchase extending beyond the current fiscal year that would constitute an obligation in excess of an amount to be determined by the purchasing committee shall be forwarded by the purchasing agent to the debt management committee and approved by the debt management committee prior to any further approval of the requisition.

(2) The policies and procedures for purchasing for the county established by the purchasing committee shall include the use of any type of purchasing or credit card and an approval process for purchases of real property, personal property, and services, including those by lease, lease-purchase, or contract that extend beyond one (1) year or commit the county to expenditures in excess of an amount as determined by the purchasing committee. The purchasing committee shall establish policies requiring approval of such purchases by either the purchasing agent, purchasing committee, or county legislative body, or any combination thereof. The policies and procedures developed by the purchasing committee pursuant to this subdivision to determine the approval process for the particular type or amount of purchase shall be subject to approval by the county legislative body.

(b) Requisitions shall include specifications when necessary as determined by the purchasing agent. Specification development and stipulation shall be made by the county agency to receive the personal property or services requisitioned. However, the purchasing agent may reject any specification that the purchasing agent deems inadequate. The purchasing agent or purchasing committee, or both, shall assist the agency of the county as needed to develop proper specifications for requisitions.

Specifications shall not be written to exclude specific vendors, contractors or service providers, or to limit the bidding to a specific vendor, contractor, or service provider.

(c) Except as otherwise provided in this chapter or by other applicable general law not in conflict with this chapter, purchases shall be based upon competitive bidding. The purchasing committee, after receiving the recommendations of the purchasing agent, shall establish the dollar amounts and types of purchases for which a formal competitive bidding process is required, the dollar amounts and types of purchases for which an informal bidding process is required or not required, and the exceptions to competitive bidding requirements, subject to the approval of the county legislative body, but the dollar amounts established for formal competitive bidding shall not be less than the amounts otherwise applicable in general law. In addition to competitive bidding, the purchasing committee may establish the types of purchases and other circumstances under which requests for proposals (RFP), requests for qualifications (RFQ), and other procurement methods are appropriate and allowable. The purchasing committee may also establish guidelines not in conflict with applicable general law for purchases at public auction and using the Internet. Exceptions to competitive bidding may include, but are not limited to, sole source purchases, perishable commodities, and emergency purchases. In counties operating under the County Uniform Highway Law, compiled in title 54, chapter 7, § 54-7-113(c) regarding exceptions to public advertisement and competitive bidding requirements shall apply to purchases for the county highway department.

(d) All purchases competitively bid shall be awarded to the lowest responsible and responsive bidder, taking into consideration the quality of the personal property or services to be supplied, their conformity with specifications, their suitability to the requirements of the county and the delivery terms, and such other considerations as the

purchasing agent deems appropriate and in conformity with any guidelines established by the purchasing committee. Any and all bids may be rejected for reasonable cause by the purchasing agent.

(e) The purchasing committee shall establish criteria for when purchase awards shall be made by the purchasing agent alone and when awards shall be made by the purchasing committee after receiving the recommendation of the purchasing agent.

(f)

(1) The purchasing agent may authorize any agency of the county to purchase in the open market, without filing a requisition, any personal property necessary for immediate delivery or services for immediate employment, in actual emergencies. Such direct emergency purchases may only be made by heads of agencies of the county within the authorization granted by the purchasing agent and when the purchasing agent is not available to make the purchase. At all other times, only the purchasing agent or the purchasing agent's designee shall make purchases. A report of an emergency purchase shall be made by the head of an agency of the county or the agency head's designee describing the circumstances of the emergency, the personal property or services purchased, and the amounts to be charged against the operating budget of the agency. Such emergency purchase report shall be submitted to the purchasing agent before the close of the next working day following the date of such purchase by the head of the county agency concerned.

(2) The purchasing agent in authorizing deviations from the competitive bidding requirements in emergencies shall not include conditions arising from neglect or indifference in anticipating normal needs. Emergency purchases shall be limited to needs arising which are not normally foreseeable.

(g) The county shall not be liable for the payment of any purchase not made according to the provisions of this chapter unless specifically approved by the purchasing committee.

(h) The purchasing committee may:

(1) Prescribe the manner in which personal property may be delivered, stored, and distributed;

(2) Prescribe the dates for submitting requisitions and estimates, the future period they are to cover, the form in which they are to be submitted, the manner of their authentication, and their revision by the county purchasing agent;

(3) Prescribe the manner of inspecting all deliveries of personal property and of making or procuring chemical and physical tests of samples submitted with bids and samples of deliveries to determine compliance with specifications;

(4) Require periodic and special reports by county agencies of inventories, stocks of surplus, unusable or obsolete personal property, and prescribe the form of such reports.

(5) Determine whether a deposit or bond is to be submitted with a bid on a purchase or sale, and if required, prescribe the amount and form of the deposit or bond, and provide for the forfeiture of the deposit or bond if the successful bidder refuses to enter into the contract and to determine the time for such forfeiture after the award of the bid. Such determination shall not conflict with existing state statutes for construction contracts.

(6) Prescribe the manner in which invoices for personal property and contractual services delivered to any of the agencies of the county shall be submitted, examined, and approved by the purchasing agent.

(7) Provide for all other matters as may be necessary to give effect to the duties of the purchasing committee and purchasing agent.

(i) The purchasing committee shall establish policies, subject to the approval of the county legislative body, for the disposal or transfer of surplus, obsolete, or unusable personal property. These policies may provide for the transfer to or between county agencies of personal property on hand which are surplus with one county agency, but which may be needed by others. However, a head of a county agency shall not be required to transfer any item of personal property in his or her custody without his or her consent except in actual emergency or disaster.

SECTION 25.

(a) The purchasing agent shall:

(1) Develop requisition forms to be used by the various agencies of the county, subject to approval by the purchasing committee;

(2) Review requisitions, including specifications in accordance with Section 24 of this act;

(3) Conduct formal and informal bid solicitations in accordance with the provisions of this chapter;

(4) Make a record of all informal bids solicited, all informal bids received, and the successful bid and bidder, including the time of each such action;

(5) Collect sealed bids;

(6) Open formal sealed bids in public according to a procedure established by the purchasing committee;

(7) Evaluate and compare bids and award purchases designated by the purchasing committee to be awarded by the purchasing agent;

(8) Evaluate and compare bids and recommend to the purchasing committee the lowest responsible and responsive bidder regarding purchases to be awarded by the purchasing committee;

(9) Issue purchase orders when appropriate;

(10) Prepare contracts, leases, and lease-purchase agreements. The purchasing agent shall prepare contracts, leases, and lease-purchase agreements with the aid of the county attorney if such office or position is established, or with the aid of an attorney employed or retained by the county mayor or board of education, when required by regulation of the purchasing committee;

(11) Verify receipt of personal property or service;

(12) Perform duties regarding the transfer or disposition of surplus, obsolete, and unusable personal property as directed by the purchasing committee;

(13) Ensure that capital projects that have been approved in the capital projects budget and operating budget and funded according to law shall be competitively bid by the purchasing agent according to the requirements approved in the capital projects budget and operating budget; and

(14) Perform such other duties as may be prescribed by the purchasing committee.

SECTION 26.

(a) In addition to the approval process established by the purchasing committee, contracts, leases, and lease-purchase agreements shall be approved by the county attorney, if such office or position is established, or by an attorney employed or retained by the county mayor or board of education, prior to execution when the dollar amounts

involved exceeds an amount determined by the purchasing committee to assure compliance with law and proper form.

(b)

(1) Contracts, leases, and lease-purchase agreements shall be executed by the finance director and one (1) or more of the following: the director of schools for all obligations against school funds, by the chief administrative officer of the county highway department for all obligations against highway funds, and the county mayor in all other circumstances, and additionally by other county officers when required by law.

(2) This subsection shall not apply to agreements between the county highway department and the department of transportation pursuant to § 54-7-116.

SECTION 27.

(a) Neither the finance director, county purchasing agent, any employee of the finance department, nor members of the county legislative body, county board of education, finance committee, audit committee, any special committee, nor other officials of the county, shall be financially interested, either directly or indirectly, in any contract, purchase, or lease-purchase agreement for property or services used by or furnished to any agency of the county.

(b) No person or entity listed in subsection (a) shall receive, directly or indirectly, from any person, partnership, firm, corporation, or other organization regarding any contract, purchase, or lease-purchase agreement wherein the county is a party, any rebate, gift, money, or anything of value whatsoever, or any promise, obligation or agreement for future reward, compensation or benefit.

(c) The provisions of this section are in addition to those of § 12-4-101 and any other applicable general law regarding conflicts of interest.

SECTION 28. No later than six (6) months following the date a resolution is adopted to implement this chapter or the date this chapter is approved in a referendum pursuant to Section 4, the county clerk shall file a copy of the resolution or results of the election, together with an implementation plan with the comptroller of the treasury. This county financial management plan implementation shall begin July 1 of the next fiscal year and shall be fully implemented within such county no later than two (2) years from the date the implementation of the plan began.

SECTION 29. The comptroller is authorized to make grants available in such amount authorized in the general appropriations act and in such manner as the comptroller deems appropriate as an incentive for counties to implement this chapter.

SECTION 30. Upon this chapter becoming effective in any county, this chapter shall supersede all other general law and the provisions of any private act in conflict with this chapter in such county, including any private acts, or amendments thereto, adopted by the county legislative body of such county before or after the date this chapter becomes effective in such county.

SECTION 31. Tennessee Code Annotated, Section 5-8-507, is amended by adding the following as a new, appropriately designated subsection:

() This section shall not apply to any county if the County Financial Management System of 2013, compiled in §§ 2 through 30 of this act, is in effect in such county.

SECTION 32. Tennessee Code Annotated, Section 5-9-401, is amended by designating the existing language as subsection (a) and by adding the following language as a new subsection (b):

(b) This part shall not be applicable in any county if the County Financial Management System of 2013 , compiled in §§ 2 through 30 of this act is in effect in such county.

SECTION 33. Tennessee Code Annotated, Section 7-51-901(4), is amended by deleting the semi-colon (;) at the end of the subdivision and adding the following language:

except a county in which the County Financial Management System of 2013, compiled in §§ 2 through 30 of this act is in effect;

SECTION 34. Tennessee Code Annotated, Section 5-21-126(a), (County Financial Management System of 1981), is amended by:

(1) Deleting the language "This chapter" and by substituting instead the language

"Except as provided in subsection (d), this chapter"; and

(2) Adding the following language as a new subsection (d):

(d)

(1)

(A) If, prior to the effective date of this act, this chapter is in effect in a county and if the county legislative body of such county implements the County Financial Management System of 2013, compiled in §§ 2 through 30 of this act, then upon the date the County Financial Management System of 2013 is fully implemented in such county, this chapter shall be of no force and effect within such county.

(B) The county clerk shall notify the comptroller of the date the County Financial Management System of 2013 is fully implemented by the county.

(2) On and after the effective date of this act, no county is authorized to take any action to implement this chapter unless, prior to such date, such county has implemented this chapter.

SECTION 35. Tennessee Code Annotated, Section 5-12-102(a), (County Budgeting Law of 1957), is amended by:

(1) Deleting the language "This part" and by substituting instead the language:

"Except as provided in subsection (c), this part"; and

(2) Adding the following language as a new subsection (c):

(c)

(1)

(A) If, prior to the effective date of this act, this part is in effect in a county and if the county legislative body of such county implements the County Financial Management System of 2013, compiled in §§ 2 through 30 of this act, then upon the date the County Financial Management System of 2013 is fully implemented in such county, this part shall be of no force and effect within such county.

(B) The county clerk shall notify the comptroller of the date the County Financial Management System of 2013 is fully implemented by the county.

(2) On and after the effective date of this act, no county is authorized to take any action to implement this part unless, prior to such date, such county has implemented this part.

SECTION 36. Tennessee Code Annotated, Section 5-12-201, (Local Budgeting Law of 1993), is amended by designating the existing section as subsection (a), by deleting the

language "and applies" and by substituting instead the language "and, except as provided in subsection (b), applies", and by adding the following language to be designated as subsection (b):

(b)

(1)

(A) If, prior to the effective date of this act, this part is in effect in a county and if the county legislative body of such county implements the County Financial Management System of 2013, compiled in §§ 2 through 30 of this act, then upon the date the County Financial Management System of 2013 is fully implemented in such county, this part shall be of no force and effect within such county.

(B) The county clerk shall notify the comptroller of the date the County Financial Management System of 2013 is fully implemented by the county.

(2) On and after the effective date of this act, no county is authorized to take any action to implement this part unless, prior to such date, such county has implemented this part.

SECTION 37. Tennessee Code Annotated, Section 5-13-102(a),(County Fiscal Procedure Law of 1957), is amended by:

(1) Deleting the language "This chapter" and by substituting instead the language "Except as provided in subsection (c), this chapter; and

(2) Adding the following language as a new subsection (c):

(c)

(1)

(A) If, prior to the effective date of this act, this chapter is in effect in a county and if the county legislative body of such county implements the County Financial Management System of 2013 compiled in §§ 2 through 30 of this act, then upon the date the County Financial Management System of 2013 is fully implemented in such county, this chapter shall be of no force and effect within such county.

(B) The county clerk shall notify the comptroller of the date the County Financial Management System of 2013 is fully implemented by the county.

(2) On and after the effective date of this act, no county is authorized to take any action to implement this chapter unless, prior to such date, such county has implemented this chapter.

SECTION 38. Tennessee Code Annotated, Section 5-14-102(a), (County Purchasing Law of 1957), is amended by:

(1) Deleting the language "This part" and by substituting instead the language "Except as provided in subsection (c), this part"; and

(2) Adding the following language as a new subsection (c):

(c)

(1)

(A) If, prior to the effective date of this act, this part is in effect in a county and if the county legislative body of such county implements the County Financial Management System of 2013 compiled in §§ 2 through 30 of this act, then upon the date the County Financial Management System of 2013 is fully

implemented in such county, this part shall be of no force and effect within such county.

(B) The county clerk shall notify the comptroller of the date the County Financial Management System of 2013 is fully implemented by the county.

(2) On and after the effective date of this act, no county is authorized to take any action to implement this part unless, prior to such date, such county has implemented this part.

SECTION 39. Tennessee Code Annotated, Section 5-14-202, (County Purchasing Law of 1983), is amended by deleting the semi-colon at the end of subdivision (3) and adding the following language:

or in which the County Financial Management System of 2013, compiled in §§ 2 through 30 of this act is in effect;

SECTION 40. Nothing in this act shall be construed as altering the salary of any incumbent prior to the end of the term for which such public officer was elected.

SECTION 41. This act shall not be construed to be an appropriation of funds and no funds shall be obligated or expended pursuant to this act unless such funds are specifically appropriated by the general appropriations act.

SECTION 42. If any provision of this act or the application of it to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this act that can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 43. This act shall take effect upon becoming a law, the public welfare requiring it.