

SENATE BILL 2263

By Yager

AN ACT to enact the "County Financial Management Act of 2012" and 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. Sections 1 through 30 of this act shall be known as the "County Financial Management Act of 2012."

SECTION 2. It is the purpose of this act 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, payroll, and cash management.

SECTION 3. This act shall not apply to any county that has adopted a metropolitan government charter, a charter under the Charter Government Unification Act or a county charter pursuant to title 5, chapter 1, part 2.

SECTION 4. As used in this act, unless the context otherwise requires:

(a) "Agency" means any entity of the county government, including but not limited to boards, commissions, and offices headed by employees of the county.

(b) "BEP" means Tennessee's Basic Education Program or any successor education funding program for grades K-12.

(c) "Capital asset" means land, improvements to land, easements, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all tangible or intangible assets that are used in operations and that have initial useful lives extending beyond the fiscal year.

(d) "Chief administrative officer" means the chief administrative officer as defined in section 54-7-103 for counties operating pursuant to the Tennessee County Uniform

Highway Law, title 54, chapter 7. In any county with more than one “chief administrative officer”, such chief administrative officers shall determine which of their number shall serve on the county finance committee and be deemed the chief administrative officer under the terms of this act.

(e) “Committee” means the county finance committee.

(f) “County mayor” means county executive or county mayor.

(g) “Department” means the county finance department.

(h) “Director” means the director of the county finance department.

(i) “General officers” means the county sheriff and all county officials designated as general officers in section 8-24-102 (a).

(j) “Idle funds” means county funds held by the county trustee that are available for investment in accordance with section 5-8-301.

(k) “Purchase” means the purchase, lease, lease-purchase, or contract for procurement of personal property or services or any combination thereof.

(l) “Special committee” means any one of the following: budget committee, purchasing committee, investment committee or debt management committee.

SECTION 5.

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

(b) The department shall be responsible for accounting, budgeting, payroll, purchasing, debt management and cash management for all departments, offices, agencies and boards of the county as provided in this act and shall develop a system in conformity with nationally recognized standards for governmental accounting as approved by the comptroller of the treasury.

(c) The operating budget of the department shall be allocated and apportioned 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 such fund in the last adopted operating budget of the county for a fiscal year as compared to the total expenditures budgeted from these three funds, unless a different allocation is established by resolution of the county legislative body.

(d) The county legislative body shall provide adequate office space at a centralized location and shall appropriate adequate funds for equipment and supplies necessary for the efficient operation of the department.

(e) All employees performing the functions of accounting, budgeting, payroll and purchasing in the various departments, offices and agencies of the county shall be transferred to the finance department and shall function under the supervision of the director, with the exception of the following: such employees that the director does not require and that the head of the department, office or agency agrees to retain, and employees of any officer enumerated in section 8-22-101 needed to perform the duties of such office as determined by such county officer. All employees transferred to the department and the salaries, benefits and expenses relating to such personnel shall be budgeted under the finance department, notwithstanding any other law to the contrary. Officers enumerated in section 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, but all other accounting, budgeting, payroll and purchasing functions shall be performed by the finance department except as otherwise specified in this act.

(f) All fees and commissions allowed, collected or in any manner received by any county officer enumerated in section 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 section 8-22-101 the salary as fixed by section 8-24-102 and the authorized expenses fixed by law for the operation of the office including the salary and related expenses of all deputies and assistants as authorized by title 8, chapter 20, irrespective of the fees earned or collected by such officers. The number and salary of deputies and assistants of the officers listed in section 8-22-101 shall continue to be set according to title 8, chapter 20.

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

(h)

(1) Notwithstanding the foregoing, the county legislative body, by resolution adopted by a two-thirds (2/3) majority vote, may exclude from the provisions of this act funds related to any county hospital, nursing home, medical facility, long term care facility, assisted living facility, public utility, or other enterprise fund type entity owned or operated by the county. If any of such facilities are excluded, the county legislative body may establish by resolution, after allowing the committee to submit recommendations, financial procedures and reporting requirements for such excluded facilities to include, but not be limited to, the following:

(A) Monthly financial reports;

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

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

(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 act pursuant to this subsection, the funds of such 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 6.

(a) A county finance committee is hereby created.

(b) The committee shall consist of the county mayor or his or her designee, chief administrative officer of the county highway department or his or her designee in counties operating pursuant the Tennessee County Uniform Highway Law, director of schools or his or her designee, and four (4) other members, to be determined by resolution of the county legislative body at the first regular session of the county legislative body held on or after September 1 of each year or at any subsequent session.

(c) The four (4) members determined by resolution of the county legislative body to serve on the committee may be members of the county legislative body, county general officers, or other county residents. If the resolution provides that one or more members of the county legislative body shall serve on the committee, then the county legislative body shall elect those members. If the resolution provides that one or more county general officers shall serve on the committee, then the county legislative body shall designate such officer or officers by resolution. If the resolution provides that one or more residents who are not members of the county legislative body or county general officers shall serve on the committee, then such county resident members shall be appointed by the county mayor subject to confirmation of the county legislative body.

(d) The county mayor shall serve as chairperson of the committee if the county mayor so chooses. At the first meeting of the committee after September 1 of each year, the county mayor shall inform the committee as to whether or not the county mayor will serve as chairperson of the committee for a term of one year. The committee at its first meeting after September 1 of each year shall elect a chairperson for a term of one year if the county mayor chooses not to serve as chairperson, and shall annually elect a vice-chairperson who shall serve as chair of the committee during the absence of the chairperson. If the county mayor chooses to be represented on the committee by a designee, such designee shall not automatically chair such committee, but the designee shall be eligible for election as chairperson or vice-chairperson by the committee.

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

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

(g) The committee shall establish and approve policies, procedures and regulations in addition to the specific provisions of this act, for implementing a sound and efficient financial system for administering the funds of the county. Such system shall include accounting, budgeting, purchasing, payroll, debt management and cash management, but the committee shall not usurp the powers and duties of the special committees established pursuant to this act.

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

(i) The committee shall promulgate regulations, subject to approval by the county legislative body and consistent with the state and county emergency management plan, to waive procedural requirements for the encumbrance and expenditure of funds in an actual, officially-declared emergency or disaster.

(j) The county mayor or any department head or officer of the county having custody of real property, excepting real property titled to the county board of education, may request that such real property over which such person has custody be declared surplus and be sold or transferred from the ownership or possession of the county or the custody of such officer or department head. Any such request shall be made to the committee. The committee shall make recommendations to the county legislative body regarding whether the real estate 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 such 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.

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

SECTION 7.

(a) The following separate special committees shall be created by resolution of the county legislative body and constituted as follows:

(1) A budget committee shall consist of at least five (5) members consisting of the county mayor or his or her designee and four (4) or more other

members. The county legislative body shall by resolution determine the number of members of the budget committee and the number of members, if any, other than the county mayor and his or her designee, that shall be members of the county legislative body. Members of the budget committee that are members of the county legislative body shall be elected by the county legislative body. Any members of the budget committee other than the county mayor or his or her 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.

(2) A purchasing committee shall consist of five (5) members as follows: the county mayor or his or her designee, chief administrative officer of the county highway department or his or her designee in counties operating pursuant the Tennessee County Uniform Highway Law, director of schools or his or her designee, a county general officer selected by these officials, and a member of the county legislative body elected by the county legislative body. If a county is not operating pursuant to the Tennessee County Uniform Highway Law, the county legislative body shall by resolution determine how the fifth member shall be selected.

(3) An investment committee shall consist of five (5) members consisting of the county mayor or his or her designee, the county trustee and three (3) members who may or may not be members of the county legislative body as determined by resolution 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, county mayor or his or her 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) An Audit Committee shall be established in accordance with section 9-3-405.

(5)

(a) A debt management committee shall consist of five (5) members consisting of the county mayor or his or her designee, and four (4) other members who may or may not be members of the county legislative body as determined by resolution 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 his or her 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.

(b) Appointive or elective members of any special committee 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 at its first regular meeting on or after September 1 of each year or at any subsequent meeting.

(c) The county mayor shall serve as chairperson of each special committee created pursuant to this act if the county mayor so chooses. If the county mayor chooses not to serve as chairperson of a special committee, then such special committee shall annually elect a chairperson. If the county mayor chooses to be represented on a special

committee by a designee, such designee shall not automatically chair such special committee, but the designee shall be eligible for election as chairperson or vice-chairperson by the special committee. Each special committee shall annually elect a vice-chairperson to serve in the absence of the chairperson.

(d) The director shall be secretary to each special committee established and shall be responsible for keeping records of the actions of such special committee, provided however, that if a purchasing agent other than the director is designated, such 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, but may not vote on any matter before the special committee.

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

SECTION 8.

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

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

(c) The director shall have as a minimum qualification either a bachelor's degree from an accredited college or university with at least eighteen (18) quarter hours or equivalent semester hours of accounting and/or finance, or an associate's degree from an accredited college or university with at least eighteen (18) quarter hours or equivalent semester hours of accounting and/or finance plus at least four (4) years of experience in an accounting position. Notwithstanding the foregoing, any person serving as a director

of finance pursuant to the County Financial Management System of 1981, director of accounts and budgets pursuant to the County Fiscal Procedure Law of 1957 or similar private act on the day this act becomes effective shall be eligible for appointment as the director.

(d) The compensation of the director shall be determined by the committee within the limitations of the budget, but shall not be less than the salary paid to the county trustee.

SECTION 9.

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

(b) The director shall be responsible for implementation of the policies of the committee and the decisions of the committee and any special committee.

(c) The director shall implement and maintain an accounting, budgeting, payroll and purchasing 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 director shall establish and maintain records of capital assets of the county in accordance with generally accepted accounting principles.

(d) The committee may establish a position of deputy director of finance. If the position of deputy director of finance is established, the director shall appoint such person subject to the approval of the committee. Any person serving as deputy director of finance shall be an employee of the department and shall perform such duties and responsibilities as are assigned by the director. In the absence of the director, other

than a vacancy in the position, the deputy director of finance shall perform the duties of the director necessary to the continued operation of the department. In the event of a vacancy in the position of director, the deputy director of finance shall perform the duties of the director necessary to the continued operation of the department until an interim director or director is appointed by the committee.

(e) In the event of a vacancy in the position of director, the committee may appoint someone to the position of interim director of finance to assume the duties of the director until a director is appointed. An interim director of finance shall not serve longer than ninety (90) days consecutively without the approval of the county legislative body. The compensation of the interim director of finance shall be set by the committee within the budget. The line item in the operating budget for the director may be used to compensate the interim director of finance. The interim director need not have the qualifications of a director.

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

(g) The department shall be open for business during hours established by the committee and as needed for emergencies or disasters.

SECTION 10.

(a) The director shall execute a surety bond in an amount not less than one hundred thousand dollars (\$100,000), for the faithful performance of the director's duties in accordance with the general law on county official's bonds. The bond shall be prepared in accordance with the provisions of title 8, chapter 19, approved by the county

legislative body, recorded in the office of the register of deeds, and transmitted to the comptroller of the treasury for safekeeping.

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

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

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

SECTION 11.

(a) On or before February 1 of each year, the director shall furnish to the head of each department, office, or agency of county government, budget forms on which to submit a proposed budget. Such 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 mandated by the comptroller of the treasury or the committee or special budget committee. The 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 April 1 of each year, the director shall furnish to the county mayor, director of schools and to the chief administrative officer of the county highway department (in counties operating under the County Uniform Highway Law) 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. The assessor of property shall furnish such assessor's best estimate of the actual assessed value of all taxable

property within the county for the ensuing year to the director before March 15 of each year.

(c) On or before April 15 of each year, the head of each department, office or agency of county government and each nonprofit organization requesting an appropriation of county funds shall provide the director with a proposed budget document on the approved budget forms and such other information as may be requested by the director or budget committee.

(d) The director of schools and the chief administrative officer of the county highway department (in counties operating under the County Uniform Highway Law) shall file by April 15 of each year a proposed property tax rate, if any, to fund in whole or in part the requested budget for their respective departments. The county mayor shall file by April 15 of each year a proposed county property tax rate to fund, in whole or in part, the county general fund, debt service fund, and all other funds of the county other than funds of the county highway department (in counties operating under the County Uniform Highway Law) and education department.

SECTION 12.

(a) On or before May 15 of each year, the director shall consolidate all of the budget proposals from all county departments, offices and agencies and requests from nonprofit organizations and present a proposed consolidated operating budget document to the budget committee. Such consolidated operating budget document shall comply with provisions of the county uniform chart of accounts and show by major categories and line items the amounts requested by the various departments, offices, agencies and nonprofit organizations for their operations during the ensuing fiscal year from the various county funds. The director shall include within the consolidated operating budget the amounts necessary to pay principal and interest on any

indebtedness of the county. The proposed and revised consolidated operating budget document shall show 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 departments, offices, boards, and agencies of county government 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 departments, offices, boards, and agencies of the county government and any nonprofit organization requesting an appropriation from the county. The budget committee may request the heads of county departments, offices, boards, agencies 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 county departments, offices, boards, agencies 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 department, office or agency of the county government without giving the head of such department, office or agency the opportunity to speak before the committee about the proposed budget.

(d) The budget committee may alter major categories and line items in the proposed consolidated operating budget except as follows:

(1) The budget committee may propose to reduce or increase the total budget of the county department of education. Any reductions in the 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 board of education votes not to approve reductions or increases in the total budget of the education department proposed by the budget committee, then the 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 board of education. The budget committee and 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. 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 make a major category and line item budget within the agreed amount and submit the completed budget for the department of education to the director.

(2) In counties operating pursuant to the County Uniform Highway Law, line item amounts within the county highway budget's major categories 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 highway department.

(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 section 8-21-120.

(4) The budget for the county election commission shall conform to the requirements of section 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, and shall propose a tentative tax rate to fund such budget. 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) herein and shall summarize all data regarding revenues, expenditures and fund balances by major category according to the uniform chart of accounts approved by the comptroller of the treasury.

(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 operating budget for the county department of education in any year by June 15, then the budget committee will provide the county legislative body with both a proposed operating budget and an alternative proposed operating 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 major category 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 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) herein, the 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 (in counties operating under the County Uniform Highway Law) and each member of the county legislative body.

(k) The 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 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 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 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 13.

(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 but not limited to, taxes, county aid funds, federal funds, fees and fines, which are to be used in the operation and programs of the various offices, departments, commissions, institutions, boards and agencies of county government shall be appropriated to such use by the 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 reduce the total budget of the county department of education, but shall not alter major categories and line items which shall be modified by the board of education to conform to the budget adopted for the county department of education. 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.

(2) The county legislative body may alter major categories and line items in the budget of the county highway department, except line items amounts

within major categories for payroll shall be determined by the chief administrative officer of the county highway department in counties operating pursuant to the County Uniform Highway Law. Such 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 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 section 8-21-120.

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

(5)

(a) 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.

(b) 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 for the county department of education presented to the budget committee by the board of education, and the accompanying property tax rate for education and the appropriation for the department of education embodied in the budget proposal by the board of education, shall become effective by operation of law for the ensuing fiscal year.

(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, except for the budget, property tax rate and appropriations for the county department of education, 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.

(d) Notwithstanding the foregoing, 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 properly 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 in those counties operating pursuant to the County Uniform Highway Law, and any county general officer shall have the right to address the county legislative body regarding the proposed county operating budget.

(f) Within fifteen (15) days after the final adoption of an operating budget, by resolution of the county legislative body approved as provided by law or by operation of law, the county board of education shall adopt line item expenditure amounts within the major categories of the operating budget adopted by the county legislative body, and shall submit this detailed operating budget for the county department of education to the

director who shall incorporate this detailed department of education budget into the final operating budget for the county.

(g) 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, such state authorities shall so notify the county legislative body and the county legislative body shall amend the adopted operating budget for the county department of education as to major categories in order to conform to minimum legal funding requirements within thirty (30) days of being notified of this non-approval. The county board of education shall amend line item amounts as necessary to conform to the amended operating budget for the county department of education as adopted by the county legislative body within fifteen (15) days of adoption by the county legislative body and submit the completed budget to the director.

(h) 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 departments, offices and 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, by major category and line item, 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 act, and amendments shall be made as necessary to provide for debt obligations and court-ordered expenditures.

(i) 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 14.

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

(1) Amendments to major categories of the budget of the county department of education shall be approved by the board of education and the county legislative body. Proposed major category amendments to the operating budget of the county department of education shall be submitted by the board of education through the director of schools to the budget committee and the county legislative body. Before the county legislative body shall approve any amendment to a major category of the budget of the county department of education, the budget committee shall make a recommendation in writing to the county legislative body concerning the proposed budget amendment within fourteen (14) days of receiving the proposed amendment. However, if the budget committee does not make a recommendation within fourteen (14) days after receiving the proposed major category budget amendment, the county legislative body may consider and act upon the proposed amendment without a recommendation from the budget committee. The budget of the county department of education shall not be amended without the approval of the county board of education.

(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 in counties operating

pursuant to the County Uniform Highway Law for the highway department budget, and the head of any other department, office or agency of the county for their particular budget. Amendments to major categories of the budget other than the county department of education shall be approved by the budget committee and the county legislative body. However, 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.

The budget of the county highway department in a county operating pursuant to the County Uniform Highway Law shall not be amended without the approval of the chief administrative officer of such department; otherwise the county legislative body may approve, reject or modify amendments to the operating budget proposed under this subsection.

(3) Amendments to line items within major categories of the budget of the county department of education shall be made by the county board of education and submitted to the director.

(4) Amendments to line items within major categories of the budgets of all county departments, offices, agencies and other organizations other than the county board of education, proposed by the head of the county department, office, agency or other organization may be approved by 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 in writing 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 department, office, 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 in writing to the director and budget committee. Any amendment to a line item within a major category approved by the budget committee shall be reported in writing to the director. Notwithstanding the foregoing, line item amendments within major categories of the budget of a county highway department operating pursuant to the County Uniform Highway Law may be made by such department's chief administrative officer and reported in writing to the director and budget committee.

(5) 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 in those counties operating pursuant to the County Uniform Highway Law, the county election commission, the sheriff and the general officers listed in section 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.

(6)

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

(b) All budget amendments shall be in writing and on forms developed by the director and approved by the budget committee.

SECTION 15.

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

(b) Any resolution presented to the county legislative body in any fiscal year, after the original appropriation resolution has been adopted and the property tax rate for the year has been set, which provides for an appropriation 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 such 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 power granted to the committee and the county legislative body by this act.

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

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

SECTION 16. If at any time the 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 committee, upon certification to each member of the county legislative body, may impound such appropriations as may be necessary to prevent deficit operation. Such impoundment may be overridden by a majority vote of the county legislative body. If the county legislative body overrides an impoundment, the county legislative body shall make such amendments to the operating budget as may be necessary to prevent deficit operation. Such necessary amendments require a majority vote of the county legislative body. However, no impoundment of funds shall affect expenditures mandated by court order or funds appropriated to the offices of sheriff, trustee, county clerk, register of deeds, assessor of property, or clerks of court.

SECTION 17.

(a) On or before May 1 of each year, the county mayor, director of schools, and chief administrative officer of the county highway department (in counties operating under the County Uniform Highway Law) shall submit to the director, on forms developed by the director and approved by the committee, a five (5) year plan for capital projects and proposed means of funding such capital project or projects, to be revised annually, together with proposed capital outlays 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 proposed capital outlays shall include estimated expenditures, revenues, borrowing, schedule for project completion and/or purchase of personal property, and schedule for the retirement of debt.

(b) On or before May 15 of each year, the director shall consolidate all proposals for capital outlays 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 proposed capital outlays shall include estimated expenditures, revenues, borrowing, schedule for project completion and/or purchase of personal property and schedule for the retirement of debt. The committee shall determine the amount of expenditure and/or useful life required for the acquisition of a capital asset to be classified as a capital outlay. Proposed expenditures from the operating budget, including estimated interest on borrowing, and revenues for capital outlay for the ensuing fiscal year, shall be included within the operating budget proposals.

(c) Projected outlays for capital projects may be determined and requirements made based upon estimates of life cycle costs for such projects, including but not limited to energy costs, so that projects may be pursued in the most cost effective manner for the life of the project even if the initial capital outlay may be greater than if life cycle costs were not considered.

(d) The committee shall propose a revised consolidated capital projects 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".

(e) The county legislative body shall review the proposed capital project plan presented by the committee. The county legislative body may alter such plan, and shall annually adopt a capital projects plan. Prior to the adoption of a capital projects plan, the board of education, through its designated representative, has the right to address the county legislative body in regard to the board's capital project needs and proposal for financing capital projects. Similarly, prior to the adoption of a capital projects plan, the

chief administrative officer of the county highway department (in those counties operating under the County Uniform Highway Law), has the right to address the county legislative body in regard to the county highway department's capital project needs and proposal for financing capital projects. Similarly, prior to the adoption of a capital projects plan, the county mayor has the right to address the county legislative body in regard to the county's capital project needs and proposals for financing capital projects.

SECTION 18.

(a) The director shall receive from the county mayor, director of schools or chief administrative officer of the county highway department (in counties operating pursuant to the County Uniform Highway Law) all proposals for the issuance of debt, and shall present such proposals, along with the recommendation of the director, to the debt management committee, 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 contracts, leases and lease purchase agreements extending beyond the current fiscal year that constitute and obligation below an amount to be determined by the finance committee.

(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) The debt management committee shall report its recommendation on all proposals to the budget committee, county legislative body or other entity or person with authority to act upon the recommendation.

(4) The 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 director shall be responsible for developing all information required by such forms. The county mayor shall not file, sign or give approval of any report regarding the county's debt 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 refuses to do so within thirty (30) days of making the request.

(c) On or before June 1 of each year, the 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 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

service committee shall review this report of the 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.

SECTION 19.

(a)

(1) The director shall prepare monthly a report showing the condition of the budget. This report shall be made to the committee, and to the budget committee if separately established, at the end of each month or at such time as set by the committee.

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

(b)

(1) The head of each department, office and agency of county government shall be furnished copies of monthly reports for their respective departments, offices and agencies.

(2) The most recent of such reports shall be presented by the 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 director shall advise the county legislative body of the condition of the operating budget and capital outlay plan, and of any adjustment of appropriations or other action which, in the director's opinion, the county legislative body should take in order that the financial condition of the county is not impaired.

SECTION 20. The investment committee shall determine the investment of idle county funds in accordance with section 5-8-301. The investment committee shall serve as the finance committee referred to in section 5-8-201.

SECTION 21.

(a) The county shall use a checking system instead of warrants for the disbursement of funds. The checking system shall be installed and maintained by the director in accordance with the provisions of section 5-8-210.

(b) All checks on county funds held by the county trustee shall be signed by the director and one of the following persons:

(1) Director of schools for disbursements from school funds.

(2) Chief administrative officer of the county highway department for disbursements from highway funds in all counties operating pursuant to the County Uniform Highway Law;

(3) County mayor for all other disbursements of county funds.

(c) All signatures required on county checks may be executed by methods other than personal signature if such methods are approved by the person authorized to sign, the committee and the comptroller of the treasury.

(d) Checks shall be prepared by the department and provided to the other officers as appropriate for signing and returned to the department for co-signature of the director. The department shall mail or cause to be delivered all checks drawn upon

county funds held by the county trustee. The director may cause checks to be signed and/or delivered by electronic means, or funds electronically transferred from county bank accounts, upon approval of the committee and the comptroller of the treasury.

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

(f) A copy of checks signed by the county mayor, director of schools and the chief administrative officer of the county highway department shall be kept by such officers in any format authorized by law and approved by the committee and the comptroller of the treasury. The department shall keep a copy of all checks signed by the director alone and as co-signer.

(g) The 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 received as described on the invoice.

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

SECTION 22.

(a) Checks to disburse funds cannot be written and transfers of funds cannot be made by electronic means until the director or his or her designated employee has reviewed the requisition to pay, invoice 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 otherwise unencumbered balance of the appropriations against which they are chargeable. Pre-audit approval for disbursement of funds shall be made by

signature of the director or designated employee of the department in a format developed by the director and approved by the 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 departments, offices and agencies of the county for themselves and their employees establishing the employment relationship and all relevant information required by the 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 documentation from the head of the department, office or 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 department, office or 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.

(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 in

counties operating pursuant to the County Uniform Highway Law for highway property obtained with highway funds, and the county mayor for all other real property.

(7) Disbursements of appropriations to nonprofit organizations 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) All officers and employees of the county shall furnish to the director or his or her designated employee all requested information in a timely manner so as to insure the proper and timely disbursement of county funds.

SECTION 23.

(a)

(1) Policies and procedures for purchasing for the county shall be established by the purchasing committee upon receiving the recommendations of the purchasing agent, subject to the approval of the county finance committee. The policies and procedures for purchasing shall be in writing and shall be collated into a manual for the use of all officers and employees of the county involved with purchasing. Such manual shall be updated whenever the policies and procedures adopted by the purchasing committee change. The purchasing committee shall establish a system whereby heads of departments, offices and agencies of county government or their designees requisition personal property or services and provide estimates of cost. Such requisitions shall be reviewed by the purchasing agent or his or her 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 personal property (if not in the inventory of the county) or services, and issue purchase orders as appropriate according to this act and the policies and procedures of the purchasing committee. Heads of departments, offices and agencies of the county may specify in writing 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 finance 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 an approval process for purchases of real property, personal property and services, including those by lease, lease-purchase or contract that extend beyond one year and/or commit the county to expenditures in excess of an amount as determined by the purchasing committee. The purchasing committee shall establish amounts 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 needed. Specification development and stipulation shall be made by the department, office or 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 committee may direct the purchasing agent to utilize life cycle cost analysis in determining approval of specifications for personal property or certain types of personal property. The purchasing agent shall assist the department, office or 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 herein or by other applicable general law not in conflict with this act, 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 sealed 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, the provisions of section 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 and best 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 government 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 department, office or agency of the county government 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 departments, offices and 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 his or her designee shall make purchases. A report of an emergency purchase shall be made by the head of a department, office or agency of the county or their 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 department, office or agency. Such

emergency purchase report shall be submitted in writing to the purchasing agent before the close of the next working day following the date of such purchase by the head of the department, office or 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 act 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 periodical and special reports by county departments, offices and 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 thereof, 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.

(6) Prescribe the manner in which invoices for personal property and contractual services delivered to any of the departments, offices and 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 rules, subject to the approval of the county legislative body, for the disposal or transfer of surplus, obsolete or unusable personal property. These rules may provide for the transfer to or between county departments, offices and agencies of personal property on hand which are surplus with one department, office or agency, but which may be needed by others. However, a head of county department, office or 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 24.

(a) The purchasing agent shall:

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

(2) Review requisitions, including specifications in accordance with section 23 herein;

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

(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 and best 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, 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)

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

(b) Capital projects that have been approved in the capital projects budget or 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 or operating budget.

SECTION 25.

(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, 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 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 in counties operating pursuant to the County Uniform Highway Law 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 Tennessee department of transportation pursuant to section 54-7-116.

SECTION 26.

(a) Neither the director, county purchasing agent, any employee of the department, nor members of the county legislative body, finance committee, budget committee, investment committee, purchasing committee, audit committee, nor other officials of the county, shall be substantially financially interested, either directly or

indirectly, in any contract, purchase or lease-purchase agreement for property or services used by or furnished to any department, office or agency of the county. Substantial financial interest shall include any contract, purchase or lease-purchase agreement for property or services used by or furnished to any department, office or agency of the county whereby the director, county purchasing agent, any employee of the department, member of the county legislative body, finance committee, budget committee, investment committee, purchasing committee, audit committee, or other official of the county receives any remuneration or benefit valued in excess of an amount to be established by resolution of the county legislative body. Additionally, financial interests that are not substantial for single transactions shall be deemed substantial if aggregated to exceed in any fiscal year an amount greater than twice the minimum amount established by resolution of the county legislative body as a substantial financial interest for a single transaction.

(b) Nor shall any of the persons or entities listed in subsection (a) herein 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) Nothing in this section shall prohibit a person listed in subsection (a) from also being an employee of the county in some other capacity. A member of a county legislative body may also be an employee of the county, provided that the provisions of Section 12-4-101 are observed.

(d) A violation of this section shall subject the violator to civil penalties in treble the amount or value of any benefit unlawfully received or five hundred dollars (\$500) whichever is greater. Any employee violating the provisions of this section shall be

dismissed and shall not be eligible for employment with the county wherein the violation occurred for a period of five (5) years from the date of judgment. Any officer of the county violating the provisions of this section shall vacate said office and be barred from holding any office under the laws of this state for a period of five (5) years from the date of judgment. The penalties for violation of this section shall be in addition to any criminal or civil penalties imposed for violation of any other general law regarding conflicts of interest. The county attorney shall bring civil action in the circuit court of the county to enforce the provisions of this section. In the event of a violation of the provisions of this section by the county attorney, the district attorney general shall bring civil action to enforce this section.

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

SECTION 27. The provisions of section 5-8-507; title 5, chapter 9, part 4; and title 7, chapter 51, part 9, shall not be applicable to any county operating pursuant to this act.

SECTION 28. Upon this act becoming applicable in any county, this act shall supersede all other general law and private acts in conflict with this act in such county, including any private acts adopted before or after the effective date of this act.

SECTION 29. This act shall apply to any county that adopts a resolution stating that such county shall be subject to the provisions of this act and certifies such resolution to the secretary of state and the comptroller of the treasury. In any county that adopts a resolution stating that it shall be subject to the provisions of this act, then such county shall implement this act according to a schedule adopted by resolution of the county legislative body which shall provide for full implementation and effectiveness on July 1 of the year specified in such resolution for its application, which date shall not be more than two years after the adoption of such resolution.

SECTION 30. Except as provided in Section 3 herein, beginning July 1, 2017, this act shall apply to all counties with a population of less than three hundred thousand (300,000) according to the 2010 federal census.

SECTION 31. Tennessee Code Annotated, Section 5-21-106(a)(2), is amended by deleting the language and punctuation “, subject to the approval of the county legislative body”.

SECTION 32. Tennessee Code Annotated, Section 5-8-507, is amended by adding the following as a new subsection:

() This section shall not apply to any county wherein the County Financial Management Act of 2012 is in effect.

SECTION 33. Tennessee Code Annotated, Title 5, Chapter 9, Part 4, is amended by adding the following as a new section:

This part shall not apply to any county wherein the County Financial Management Act of 2012 is in effect.

SECTION 34. Tennessee Code Annotated, Section 5-12-102, is amended by adding the following as new subsections:

() This chapter shall not be adopted by any county after June 30, 2012.

() This chapter shall not apply in any county wherein the County Financial Management Act of 2012 is in effect. Any county wherein this chapter is effective may by resolution adopted by the county legislative body, rescind the adoption of this chapter and adopt the County Financial Management Act of 2012. Upon adoption of the County Financial Management Act of 2012, the County Financial Management Act of 2012 shall be fully implemented on July 1 of the year specified by resolution of the county legislative body. Any resolution by a county legislative body adopting the County Financial Management Act of 2012 shall be certified to the secretary of state and comptroller of the treasury.

SECTION 35. Tennessee Code Annotated, Section 5-12-201, is amended by designating existing language as subsection (a) and adding the following as a new subsection:

() This part shall not apply in any county wherein the County Financial Management Act of 2012 is in effect. Any county wherein this chapter is effective may by resolution adopted by the county legislative body, rescind the adoption of this chapter and adopt the County Financial Management Act of 2012. Upon adoption of the County Financial Management Act of 2012, the County Financial Management Act of 2012 shall be fully implemented on July 1 of the year specified by resolution of the county legislative body. Any resolution by a county legislative body adopting the County Financial Management Act of 2012 shall be certified to the secretary of state and comptroller of the treasury.

SECTION 36. Tennessee Code Annotated, Section 5-13-102, is amended by adding the following as new subsections:

() This chapter shall not be adopted by any county after June 30, 2012.

() This chapter shall not apply in any county wherein the County Financial Management Act of 2012 is in effect. Any county wherein this chapter is effective may by resolution adopted by the county legislative body, rescind the adoption of this chapter and adopt the County Financial Management Act of 2012. Upon adoption of the County Financial Management Act of 2012, the County Financial Management Act of 2012 shall be fully implemented on July 1 of the year specified by resolution of the county legislative body. Any resolution by a county legislative body adopting the County Financial Management Act of 2012 shall be certified to the secretary of state and comptroller of the treasury.

SECTION 37. Tennessee Code Annotated, Section 5-14-102, is amended by adding the following as new subsections:

() This part shall not be adopted by any county after June 30, 2012.

() This part shall not apply in any county wherein the County Financial Management Act of 2012 is in effect. Any county wherein this chapter is effective may by resolution adopted by the county legislative body, rescind the adoption of this chapter and adopt the County Financial Management Act of 2012. Upon adoption of the County Financial Management Act of 2012, the County Financial Management Act of 2012 shall be fully implemented on July 1 of the year specified by resolution of the county legislative body. Any resolution by a county legislative body adopting the County Financial Management Act of 2012 shall be certified to the secretary of state and comptroller of the treasury.

SECTION 38. Tennessee Code Annotated, Section 5-14-202, is amended by adding the following as a new subsection:

() This part shall not apply to any county wherein the County Financial Management Act of 2012 is in effect.

SECTION 39. Tennessee Code Annotated, Section 5-21-126, is amended by adding the following as new subsections:

() This chapter shall not be adopted by any county after June 30, 2012.

() This chapter shall not apply in any county wherein the County Financial Management Act of 2012 is in effect. Any county wherein this chapter is effective may by resolution adopted by the county legislative body, rescind the adoption of this chapter and adopt the County Financial Management Act of 2012. Upon adoption of the County Financial Management Act of 2012, the County Financial Management Act of 2012 shall be fully implemented on July 1 of the year specified by resolution of the county legislative body. Any resolution by a county legislative body adopting the County

Financial Management Act of 2012 shall be certified to the secretary of state and comptroller of the treasury.

SECTION 40. Tennessee Code Annotated, Title 7, Chapter 51, Part 9, is amended by adding the following as a new section:

This part shall not apply to any county wherein the County Financial Management Act of 2012 is in effect.

SECTION 41. 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 42. This act shall become effective upon becoming a law, the public welfare requiring it.