

SUBJECT: Municipal Finance Officer Certification and Education
SOURCE: Tennessee Code Annotated 6-56-401 through 6-56-408

6-56-401. Short title.

This part shall be known and may be cited as the Municipal Finance Officer Certification and Education Act of 2007.

[Acts 2007, ch. 576, 1.]

Effective Dates. Acts 2007, ch. 576, 2. June 27, 2007.

6-56-402. Employment of person with oversight responsibilities regarding financial operations Exceptions.

(a) To ensure competence in the handling of municipal funds and the protection of public moneys, each municipality shall have in its employ, except as provided in this section, at least one (1) certified municipal finance officer (CMFO) or an exempt individual as recorder, city clerk, director of finance, or other official or employee who has oversight responsibilities regarding the municipality's financial operations, in accordance with the schedule established in this part.

(b) Any municipality with three hundred thousand dollars (\$300,000) or less in gross revenues for all funds, including utilities, and with debt totaling three hundred thousand dollars (\$300,000) or less in the immediately preceding fiscal year may, instead of employing a CMFO, contract with a CMFO or a qualified individual who is exempt from CMFO certification for financial oversight.

(c) Any municipality with one hundred thousand dollars (\$100,000) or less in gross revenues for all funds, including utilities, but excluding one-time non-recurring grants, and with debt totaling one hundred thousand dollars (\$100,000) or less in the immediately preceding fiscal year may, instead of employing a CMFO, or contracting with a CMFO or a qualified individual who is exempt from CMFO certification for financial oversight, shall be required to have in their employment an individual who has met the CEU requirements of [6-56-404](#). Any municipality that has a deficit total net assets or a negative change in net assets for a period of three (3) consecutive years, or is in default on any indebtedness, shall be deemed financially distressed and shall be required to employ a CMFO or contract with a CMFO or a qualified individual who is exempt from CMFO certification for financial oversight.

[Acts 2007, ch. 576, 1; 2008, ch. 929, 2.]

Amendments. The 2008 amendment added (c).

Effective Dates. Acts 2007, ch. 576, 2. June 27, 2007.

Acts 2008, ch. 929, 3. May 15, 2008.

**6-56-403. Development of curriculum for certified municipal finance officer
Candidates for course Demonstrated proficiencies Training and testing
administration.**

(a) The municipal technical advisory service (MTAS) of the University of Tennessee's institute for public service, with the approval of the state comptroller's office, shall develop a curriculum, including testing, leading to the designation certified municipal finance officer (CMFO). The program shall include at least eighty (80) combined hours of course and lab work, including the following topics:

- (1) Governmental environment;
- (2) Auditing and internal controls;
- (3) Governmental accounting;
- (4) Financial reporting;
- (5) Budgeting;
- (6) Debt administration;
- (7) Cash and investment management;
- (8) Strategic planning and capital improvement plans;
- (9) Pensions and benefits administration and risk management; and
- (10) Procurement and enterprise resource planning systems.

(b) A candidate for the CFMO designation shall be at least eighteen (18) years of age and must be a high school graduate or the equivalent.

(c) To achieve the CMFO designation, a candidate shall demonstrate proficiency in the subject matter by passing a series of examinations on the course materials. A CMFO candidate, however, may choose to take an examination on the subject matter before taking a course, except for the course covering governmental environment, which is mandatory for all candidates. If the candidate makes a passing grade on the examination, the candidate shall receive credit toward the CMFO designation without attending the training class in which the particular subject matter is covered. A candidate who passes all the examinations covering the ten (10) topics listed in subsection (a) shall be eligible to receive the CMFO designation, and shall receive that designation upon application to and certification by the comptroller of the treasury's office.

(d) Training will be provided and examinations administered by the staff of the MTAS.

[Acts 2007, ch. 576, 1.]

Effective Dates. Acts 2007, ch. 576, 2. June 27, 2007.

6-56-404. Continuing education to maintain certification.

To maintain certification, a certified municipal finance officer (CMFO) shall earn at least twenty-four (24) hours of continuing education units (CEUs) of financial education each calendar year after receiving the designation. A CMFO wishing to maintain certification who earns more than the minimum CEUs during any calendar year may carry over to the next calendar year a maximum of twenty-four (24) CEUs. CEUs shall be filed with and maintained by the comptroller of the treasury's office, which shall keep individual records on CMFOs and CMFO candidates.

[Acts 2007, ch. 576, 1.]

Effective Dates. Acts 2007, ch. 576, 2. June 27, 2007.

6-56-405. Exemptions from education requirements.

(a) The following individuals with financial oversight responsibility employed as a finance officer by a municipality and who would otherwise be required to have the certified municipal finance officer (CMFO) designation are exempt from the educational requirements leading to the CMFO designation, but shall comply with the continuing educational requirements of 6-56-404:

(1) An individual designated as a certified government finance manager (CGFM) by the association of government accountants;

(2) An individual designated as a certified public finance officer (CPFO) by the government finance officers association;

(3) An individual licensed as a certified public accountant (CPA) by the state board of accountancy and in active status who has a minimum of five (5) years of primarily governmental experience with at least three (3) of those years in this state.

(b) An individual employed as a municipal finance officer with financial oversight responsibility who would otherwise be required to have the CMFO designation but who is claiming exemption shall send proof of exemption to the comptroller of the treasury. The comptroller shall acknowledge an exemption in an appropriate manner determined by the comptroller. The comptroller shall keep a record of exempted individuals and their continuing education units earned.

[Acts 2007, ch. 576, 1.]

Effective Dates. Acts 2007, ch. 576, 2. June 27, 2007.

6-56-406. Compliance.

(a) Municipalities shall comply with the requirement that they have a certified municipal finance officer (CMFO) in their employ based on the following schedule determined by the gross revenues the municipality derived from all funds, including utilities, during the July 1, 2006, to June 30, 2007, fiscal year:

[Click to view table.](#)

(b) After the compliance date applicable to a municipality has passed and it later becomes necessary for the municipality to hire an individual in a position in which the CMFO designation is required, the individual hired shall either be exempt as provided in [6-56-405](#) or shall become certified within two (2) years of the hiring date.

(c) If a municipality is in compliance before the applicable mandatory compliance date in subsection (a) and the CMFO or exempt finance officer leaves employment with the municipality within two (2) years before the applicable mandatory compliance date, leaving the municipality in noncompliance, the municipality shall have two (2) years from the date of the departing finance officer's last day of employment to comply.

[Acts 2007, ch. 576, 1; 2008, ch. 929, 1.]

Amendments. The 2008 amendment, in the table in (a), in the first line, substituted \$10 million for \$10,000,000 and substituted January 1, 2011 for January 1, 2010; in the second line, substituted \$5 million for \$5,000,000 and substituted January 1, 2012 for January 1, 2011; and in the third line, substituted \$5 million for \$5,000,000 and substituted January 1, 2013 for January 1, 2012.

Effective Dates. Acts 2007, ch. 576, 2. June 27, 2007.

Acts 2008, ch. 929, 3. May 15, 2008.

6-56-407. Violations.

Any municipality determined by the comptroller of the treasury to be contumaciously in violation of the requirement of this part that the municipality have in its employ a certified municipal finance officer (CMFO) or exempt individual in a position of financial oversight is subject to a civil penalty to be levied by the comptroller of up to fifty dollars (\$50.00) per day during the entire time the violation continues.

[Acts 2007, ch. 576, 1.]

Effective Dates. Acts 2007, ch. 576, 2. June 27, 2007.

6-56-408. Rules.

The comptroller of the treasury may issue any rules necessary to implement this part.

[Acts 2007, ch. 576, 1.]

Effective Dates. Acts 2007, ch. 576, 2. June 27, 2007.