

Certified Municipal Finance Officer

Dear Reader:

The following document was created from the MTAS website ([mtas.tennessee.edu](http://www.mtas.tennessee.edu)). This website is maintained daily by MTAS staff and seeks to represent the most current information regarding issues relative to Tennessee municipal government.

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

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

Sincerely,

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Table of Contents

Certified Municipal Finance Officer	3
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Reference Number: MTAS-121

The Municipal Finance Officer Certification and Education Act of 2007 require each municipality to have in its employ at least one certified municipal finance officer (CMFO) or employ a qualified exempt individual who meets the exemption criteria set forth in the law.

A municipality with \$500,000 or less in gross revenues for all funds, including utilities but excluding one-time, non-recurring grants, **and** with debt totaling \$500,000 or less in the immediately preceding fiscal year may designate a city employee as the individual who has financial oversight over city operations. That employee must earn at least 24 hours of continuing professional education which complies with CMFO guidelines each calendar year. The municipality should designate an employee who has knowledge of day to day operations or hire a CMFO or qualified individual who is exempt from CMFO education and certification.

MTAS, in conjunction with the comptroller, develops the curriculum and provides the training and testing leading to the CMFO designation. The program includes at least 80 hours of course and lab work in government environment, auditing and internal controls, government accounting, budgeting, debt administration, cash and investment management, strategic planning and capital improvement plans, pensions and benefits administration and risk management, and procurement and enterprise resource planning systems.

A candidate must be at least 18 years of age and a high school graduate or the equivalent to apply for the CMFO designation. A candidate shall not have been convicted of any felony or any lesser crime involving theft, fraud, or other crimes of dishonesty under the laws of this state, the United States, or any other state or county if the acts involved would have been considered a crime under those laws. The candidate shall not engage in any conduct reflecting adversely upon the candidate's fitness to perform services while certified as a CMFO. Each candidate must demonstrate proficiency in the subject matter for each course to receive the designation. A candidate may choose to take the examination instead of attending a class except for the course on government environment, which is mandatory.

To maintain certification, a CMFO, must earn at least 24 continuing professional education (CPEs) hours per year, at least 16 must be classified as financial per CMFO categories. Up to 24 CPEs may be carried over per year. Other designated financial oversight employees must also abide by these CPE rules and all individuals must file electronic reports with the Comptroller's Office annually.

The following individuals are exempt from the requirements leading to the CMFO designation, but must comply with CPE requirements:

- An individual designated as a certified government finance manager (CGFM) by the Association of Government Accountants.
- An individual designated as a certified public finance officer (CPFO) by the Government Finance Officers Association.
- An individual licensed as a certified public accountant (CPA) by the state board of accountancy and in active status and who has a minimum of five years of primarily governmental experience with at least three of those years in Tennessee.

An individual working as a municipal finance officer with financial oversight not meeting the exemption requirements may submit to the comptroller of the treasury a request for exemption from the CMFO educational requirements.

All these individuals must send proof of exemption to the comptroller.

When a municipality must replace a CMFO, the person hired must be exempt or must achieve the designation within two years of being hired.

A municipality that contumaciously refuses to comply with the requirement that it have a CMFO in its employ is subject to a penalty of up to a 15% reduction in annual state sales tax revenue. Any revenue withheld will be held in reserve at the department of revenue. Upon compliance the funds will be returned to the municipality. T.C.A. §§ 6-56-401, *et seq.*

DISCLAIMER: The letters and publications written by the MTAS consultants were written based upon the law at the time and/or a specific sets of facts. The laws referenced in the letters and publications may have changed and/or the technical advice provided may not be applicable to your city or circumstances. Always consult with your city attorney or an MTAS consultant before taking any action based on information contained in this website.

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