



## Emergencies

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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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What do you do when a tornado rips through the middle of downtown or a blizzard dumps inches upon inches of snow on the ground and paralyzes the town for days? Of course you don't intend for these events to happen when you prepare the budget, but you have to anticipate the realities of an emergency – and sooner rather than later.

According to state law (T.C.A. § 6-56-205), the governing body may spend more than the estimated available funds, but only when there is “an actual emergency threatening the health, property or lives of the inhabitants of the municipality and declared by a two-thirds (2/3) vote of all members of the governing body present, when there is a quorum.”

In such a case, T.C.A. § 6-56-304 (3) requires the following recordkeeping:

A record of any such emergency purchase shall be made by the person or body authorizing such emergency purchases, and shall specify the amount paid, the items purchased, from whom the purchase was made and the nature of the emergency. A report of any emergency purchase shall be made as soon as possible to the municipal governing body and the chief executive officer of the municipality, and shall include all items of information as required in the record.

From a financial perspective, this is why you have an unassigned fund balance, net assets and, possibly, contingency funds. Disaster assistance may be available in some situations; however, cities and towns should be prepared to handle the immediate circumstances. A good rule of thumb is to have the equivalent of at least two months' operating expenses available as an unassigned fund balance.

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*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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