

The background features a collage of green-toned images. On the left, there's a large, stylized dollar sign. Above it, a pyramid with an eye (the Eye of Providence) is visible. To the right, there are circular patterns resembling tree rings or ripples in water. The overall aesthetic is professional and financial.

THE UNIVERSITY of
TENNESSEE **UT**

MUNICIPAL TECHNICAL
ADVISORY SERVICE

*in cooperation with the
Comptroller of the Treasury
of the State of Tennessee*

**CERTIFIED
MUNICIPAL
FINANCE
OFFICER
PROGRAM**

PROGRAM OVERVIEW
AND CONTENT



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF MUNICIPAL AUDIT**

Justin P. Wilson
Comptroller of the Treasury

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Dennis F. Dycus, CPA, CFE, Director
Division of Municipal Audit

Often times when a piece of legislation is passed, it does not accomplish what it is designed to do. The *Municipal Financial Officer Certification and Education Act of 2007* is an exception. The purpose of the act was to raise the level of education of designated individuals in each municipality to a level that they understood the proper way to maintain the financial records, how governments are structured in Tennessee, and how to carry out their responsibilities for the fiscal affairs of their city or town. In my opinion, the program has been a resounding success and has attracted nationwide attention.

Obtaining the CMFO certification is no easy task. However, I have heard many individuals who completed the program say that it was the best thing that ever happened to them. Even those individuals who had been on the job for many years stated that they learned so much that they did not know. MTAS is to be congratulated. I truly believe that the CMFO program has made a big difference in the accounting and reporting as to how taxpayer funds are used in our state.

For those that are CMFOs - Congratulations! For those candidates that are presently in the program - Keep up the work for I assure you it will be worth it!

Very Truly Yours,

A handwritten signature in black ink, appearing to read "Dennis F. Dycus".

Dennis F. Dycus, CPA, CFE, CGFM, Director
Division of Municipal Audit

The Municipal Finance Officer Certification and Education Act of 2007 (the Act) requires Tennessee municipalities to employ a chief financial officer who is certified. The UT Institute for Public Service (IPS) is proud to introduce you to the Certified Municipal Finance Office (CMFO) program. In cooperation with the State Comptroller's Office, our Municipal Technical Advisory Service (MTAS) develops and delivers the program in order to assist cities with complying with the act.

The CMFO program offers city finance employees an opportunity to learn the ins and outs of municipal finance and accounting as required by the state law. Small group classes allow for participants to receive individualized attention and develop networks of other financial officers across the state. As city budgets become tighter and reporting procedures become more complex, it's extremely important for municipalities to have all of the best financial practices in place.

Both MTAS and the Comptroller's Office have worked hard to create a thorough and exceptional program. Upon your enrollment in the CMFO program, I encourage you to be an active participant, and to represent your city proudly.

The program is open to anyone who meets the application requirements as set out in the Act, not just municipal employees, and I encourage anyone to enroll in the program.

Sincerely,



Dr. Mary H. Jinks
Vice President of Public Service



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THE TENNESSEE CERTIFIED MUNICIPAL FINANCE OFFICER PROGRAM

Program Overview

The Municipal Finance Officer Certification and Education Act of 2007 (T.C.A. § 6-56-400 et al) requires certain municipalities to have a chief financial officer employed who is either a Certified Municipal Finance Officer (CMFO) or an individual who is exempt from the education requirements as specified in the code. The University of Tennessee (UT) Municipal Technical Advisory Service (MTAS) administers the educational program and testing to achieve the CMFO designation. The act designates the Tennessee Comptroller of the Treasury as the certification and compliance authority.

The 11-course sequence for the program is part of a comprehensive resource manual to be used in its entirety as a tool for Tennessee Finance Officers. The manual provides information on a broad range of municipal finance topics and cites references covering more complex accounting and a broad range of finance issues.

The purpose of the certification program is to ensure that every municipal finance officer is capable of carrying out the fundamental tasks common to the position and to allow CMFOs to learn more advanced skills required to adequately perform their official duties. Therefore, the emphasis in these classes is on fundamental tasks and the essential information necessary to understand the purpose of the tasks and to complete them successfully. Each class is designed around specific learning objectives. The tests that follow each module reflect these learning objectives.

All questions regarding class schedules, registration, materials, etc. should be directed to MTAS. Please call the MTAS office at (865) 974-0411 for assistance with the CMFO program.

The following pages provide a brief description of the 11 courses that make up the CMFO program.

“From the beginning of the program I have been impressed with the breadth and depth of the material covered and the knowledge of the instructors.”

*Roland McElrath,
Memphis*



THE GOVERNMENT ENVIRONMENT

This class is a broad overview of government. Beginning with the top levels of the United States government down to the city level, this class outlines the structure and sources of power at each level. Most of this class focuses on the municipal government and its relationship with the state. It presents information in a manner such that you, as the financial officer for a municipality, will have a better understanding of how to perform your job and a general knowledge of many of the laws you have to work within.

Topics Covered

- The Structure of American Government
- State Government in Tennessee
- Municipal Charters
- Role of the Municipal Finance Officer
- The Municipal Budget
- Municipal Revenue in Tennessee
- Municipal Expenditures in Tennessee
- Accounting and Financial Reporting
- Municipal Debt and Cash Management
- Public Accountability and Ethics

Learning Objectives

Upon completion of this class, learners will be able to:

- List the branches of government and their function.
- Recognize state interaction with and authority over municipal government.
- Recognize authorized forms of Tennessee municipal governments.
- Describe the responsibilities and skills needed by a municipal finance officer.
- Explain the municipal budgeting requirement and processes.
- Describe the accounting and financial reporting requirements for municipalities.
- Explain common debt management practices and requirements.
- Explain common cash management practices.
- Describe public accountability and ethics standards.

“Between the classes and discussion, I have learned many things during the course of the program. Those new items I have been able to put in place for the benefit of the city.”

*Larry Clark,
Elizabethton*



MUNICIPAL BUDGETING

The budgeting class begins with a discussion of the budgetary environment in municipal government. Although most of the constraints on budgeting come from the political environment in which it takes place, quite a few state laws and regulations exist that affect the budget process. Because every municipal budget must comply with these laws and regulations, it is necessary to review them in detail. Revenue and expenditure forecasting will be discussed; they are very important to making the enacted budget as accurate as possible. The class concludes with some best practices in budgeting that may be helpful to the finance officers as they work toward a better budget document.

Topics Covered

- The Budgetary Environment
- Financial Policies and Guidelines
- The Budget Cycle
- Budgetary Accounting
- Budget Format
- Capital Budgeting
- Roles, Responsibilities and Processes for Municipal Budgeting in Tennessee
- Revenue Sources and Estimation Processes
- Expenditure Estimation Processes
- The Role of Unassigned Fund Balance
- The Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award

Learning Objectives

Upon completion of this class, learners will be able to:

- Describe the impact of economic, legal and political factors on municipal budgeting.
- Discuss the importance of financial policies and guidelines.
- Describe the phases of the budget cycle and the processes for budget implementation and monitoring.
- Describe the budget and budgetary accounting standards.
- Distinguish between the different types and formats of budgets and describe their uses, benefits and shortcomings.
- Discuss the roles, responsibilities and processes for budgeting under various budget statuses.
- Discuss budget requirements as set forth by the Office of the Comptroller.
- Identify common revenue sources and the process for estimating revenues.
- Discuss the process for estimating expenses/expenditures.
- Discuss the role of unassigned fund balance in the budgeting process.

“The program has given me a lot of information to help improve my ability to perform well in my job. Since I was new to government accounting when these classes began, the program has been a great resource to me.”

*Lisa Dellinger,
Bolivar*



INTERNAL CONTROL AND AUDIT

The information covered in this class in regard to internal control is by no means all-inclusive. Municipal officials must assess the risks that are present in their operations and develop control procedures to address that level of risk. This class will focus primarily on cash receipts and disbursements. These areas tend to be the greatest risk.

Topics Covered

Internal Control Objectives

Who Is Responsible for Internal Control?

Five Components of Internal Control

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring

Internal Audit Function

- Evaluating Controls
- Fraud

Municipal Auditing in Tennessee

- Types and Objectives
- Auditor Selection
- Audit Engagement

Learning Objectives

Upon completion of this class, learners will be able to:

- Explain the objectives for internal controls.
- Describe the five components of internal controls.
- Describe the roles and responsibilities of individuals involved in internal controls.
- Recognize the importance of the control environment as related to internal control.
- Describe the significant factors in assessing risks.
- Recognize preventive and detective control activities and applications of these activities.
- Recognize methods and purposes of communication as related to internal controls.
- Describe the finance officer's role in implementing internal controls.
- Recognize the importance of continued monitoring of internal controls.
- Describe the three elements of fraud triangle.
- Recognize standards and requirements of the external audit process.
- Describe the roles and responsibilities of the finance officer in the external audit process.

“With me being new to government when starting the program (one year), this was truly a GOOD learning tool for me. I also gained much knowledge from other attendees in class.”

*Fredia Carter,
Westmoreland*



GOVERNMENT ACCOUNTING I

Two features about governmental accounting are distinctive. Governmental accounting shares a managerial decision-making purpose with financial accounting. However, governmental accounting is far more restrictive due to its focus on funds and their usage in compliance with purposes set in the enacted budget. Further, the legal obligation to be accountable can make governmental accounting even more challenging to many practitioners. The authority to require citizens to pay taxes comes with the responsibility to use those resources to achieve the public good. Accounting for public purposes requires both skill and dedication to public service.

Topics Covered

- Function of Accounting
- The Accounting Cycle
- Governmental Accounting Standards
- Basis of Accounting and Measurement Focus
- Fund Accounting
- Governmental Funds

Learning Objectives

Upon completion of this class, learners will be able to:

- Describe the functions of the accounting process.
- Describe the accounting cycle.
- Describe the hierarchy of Generally Accepted Accounting Principles (GAAP).
- Describe the basis of accounting used in each of the fund types.
- Describe the measurement focus used in each of the fund types.
- Identify and define fund accounting, fund types, fund reporting and government-wide reporting.
- Describe governmental funds and their accounting.
- Prepare basic ledger and journal entries.

“At first I was upset because this program was mandatory, and I was overwhelmed by the amount of material we had to cover, but after three or four classes I began to realize the need for this program, and with the help and encouragement of our two excellent instructors I have really enjoyed it. I have been doing this job for 22 years and thought I knew most of what was involved, but felt I have learned a lot and feel more confident in performing my job duties.”

*Shirley Durham,
McMinnville*



GOVERNMENT ACCOUNTING II

The previous class on Governmental Accounting I discussed Generally Accepted Accounting Principles (GAAP) and governmental funds utilizing the modified accrual basis of accounting. This class focuses on the proprietary and fiduciary funds using accrual accounting. It presents an overview of the conversion process needed for compliance with Governmental Accounting Standards Board (GASB) Statement 34. This conversion process requires reporting activity in governmental funds by means of government-wide financial statements using the same economic resources measurement focus and accrual basis of accounting as used for propriety and fiduciary funds.

Topics Covered

- Proprietary Funds
- Fiduciary Funds
- Multiparty Arrangements
- Capital Assets and Liabilities (All Funds)
- Year-End Analysis and Adjustments
- Conversion, Eliminations and Reclassifications for Government-Wide Reporting

Learning Objectives

Upon completion of this class, learners will be able to:

- Describe proprietary funds and their accounting.
- Demonstrate the financial transactions of proprietary funds.
- Describe the fiduciary funds and their accounting.
- Define capital assets and their proper reporting.
- Define liabilities and their proper reporting.
- Demonstrate the various year-end adjustment processes.
- Recognize steps in the conversion from fund financial statements to government-wide financial statements.

“When I was first told of this program, I thought I’d be sitting there during boring classes all for some certification.

I was wrong. I’ve been taught so many things that have made a real difference in my job. Plus the interaction and chance to have contact with others to discuss ideas has been very helpful.”

*Martha Carol
Fanning,
Winchester*



FINANCIAL REPORTING I

This class will describe the objectives of external financial reports and the legal and regulatory requirements to which Tennessee municipalities must adhere. We will review the guidelines for what constitutes a reporting entity and conclude with an overview of the fund financial statements and some specific reporting requirements. Financial Reporting Part I focuses on the fund financial statements; Part II focuses on government-wide financial statements.

Topics Covered

- Objectives of Financial Reporting
- Types of Financial Reports
- Reporting Entity
- Required and Recommended Reports
- Fund Financial Statements
 - Major Funds
 - Governmental Fund Financial Statements
 - Proprietary Fund Financial Statements
- Supplementary Information
 - Comptroller Requirements

Learning Objectives

Upon completion of this class, learners will be able to:

- Identify the objectives and characteristics of financial reporting.
- Identify types of financial reports.
- Describe the financial reporting entity and its components.
- Describe the effect of GASB 34 on financial reporting.
- Distinguish between types of revenues, expenses/expenditures, assets, liabilities, equity for fund financial statements.
- Describe required components of external financial reporting.

“I wish that this was implemented when I first started with the Recorder-Treasurer position 36 years ago. I have learned something new each session.”

*Jere Hadley
(Retired),
Covington*



FINANCIAL REPORTING II

In Part II the focus is on specific elements of the Comprehensive Annual Financial Report (CAFR), describing what must be included in each section. The Management's Discussion and Analysis (MD&A) will be covered in detail. This class concludes with a description of an awards program for excellence in financial reporting offered by GFOA.

Topics Covered

The Comprehensive Annual Financial Report

Introductory Section

Financial Section

- Auditor's Report
- Government-Wide Statements
- Reconciliations to Government-Wide Statements

Notes to the Financial Statements

Required Supplementary Information

Management's Discussion and Analysis

Statistical Section

Common Reporting Errors

The GFOA Awards Program

Learning Objectives

Upon completion of this class, learners will be able to:

- Describe the required components of external financial reporting.
- Distinguish between types of revenues, expenses, assets and liabilities for government-wide financial statements.
- Identify the most common GASB 34 conversion and elimination requirements.
- Recognize the elements of Required Supplementary Information (RSI).
- Recognize required note disclosures accompanying the financial statements.
- After identifying the components required, compile the MD&A portion of a financial report.

"I have worked in governmental accounting for 18 years and have been exposed to all the study topics; however, I learned something from every class and established a great network of finance professionals."

*Marylou Piper,
White House
Utility District*



CASH MANAGEMENT

Cash management starts with cash flow management tools and techniques, including how to establish and maintain banking relationships that meet the municipality's cash flow needs. It concludes with a discussion of investing, including establishing relationships with financial advisors that can serve a municipality's long-term goals for treasury management.

Topics Covered

- Objectives of Cash Management
- Collections
- Disbursements
- Cash Flow Forecasting
- Sources of Working Capital
- Banking Practices
- Government Investment Principles and Risk
- Investment Economics
- Investment Process
- Investment Policy
- Using an Investment Advisor
- Authorized Investments for Municipalities

Learning Objectives

Upon completion of this class, learners will be able to:

- Describe and identify the objectives of the cash management function.
- Describe the process of forecasting cash flow and achieving sufficient working capital.
- Identify and describe current banking practices available to Tennessee municipalities.
- Identify and describe the prudent investment principles and investment risks for governments.
- Describe and explain the investment process and the advantages of an investment policy.
- Identify the authorized investments and their restrictions for Tennessee municipalities.

“I have learned several things that have improved the city’s knowledge of how to better serve our community. I love having the resources from my class notes too.”

*Tonya Tindle,
Sparta*



DEBT MANAGEMENT

This class begins with a discussion of the reasons municipalities borrow to finance their projects and how Tennessee law enables debt financing, subject to certain restrictions. The process for issuing long-term debt is then described, along with the roles of the participants in the process. The class ends with a more detailed discussion of the types of bonds and notes issued by municipalities and special reporting requirements for certain types of debt issues.

Topics Covered

- Types of Long-Term Debt
- Types of Short-Term Debt
- Pay-As-You-Go vs. Pay-As-You-Use
- Local Government Public Obligations Act of 1986
- Referendum Requirement
- Selection of Long-Term Debt Instruments and Procedures
- The Debt Issuance Team
- Preparing and Issuing the Bond Documents
- Bond Issuance Considerations
- Refunding
- Short-Term Debt Instruments
- Additional Requirements of the Comptroller of the Treasury
- Municipal Debt Policy

Learning Objectives

Upon completion of this class, learners will be able to:

- Describe and identify the objectives of financing both short-term and long-term capital projects.
- Describe the authority and its elements that allow Tennessee municipal governments to issue debt.
- Describe the types of debt instruments available to Tennessee municipalities and procedures for issuing each type.
- Identify and describe the debt issuance team and the steps in the debt issuance process.
- Identify and describe the various considerations in issuing bonded debt.
- Identify and describe the reasons for and process of refunding debt.
- Identify the different short-term debt instruments available to Tennessee municipalities.
- Describe the role and requirements of the Comptroller of the Treasury in the issuance of municipal debt.
- Identify goals and steps to implement a sound debt policy.

“I appreciate the efforts of MTAS staff in developing a thorough and informative program. The opportunity for group discussion and learning how other municipalities handle situations is also valuable.”

*Lynn McClurg,
Sevierville*



PAYROLL, BENEFITS AND PENSIONS

When the curriculum for the program was being developed, MTAS staff surveyed practicing finance officers from small, medium, and large cities throughout Tennessee to see which activities consumed most of their time. The number one answer was payroll. Even though most municipalities use software to process payroll, it is still a time-consuming activity that involves more than issuing a payroll check to an employee. This class focuses on the basics of human resources and payroll administration, accounting for payroll transactions. Also issues and considerations that every municipal finance officer should consider regarding pension and benefits administration are presented.

Topics Covered

Human Resources Administration

- Employee vs. Independent Contractor
- Exempt vs. Non-Exempt

Payroll Administration

- New Employees
- Calculating Wages and Salaries
- Fringe Benefits
- Payroll Taxes

Employee Benefits

Post-Employment Benefits

Learning Objectives

Upon completion of this class, learners will be able to:

- Distinguish between and explain the different classifications of employees and their related characteristics.
- Identify and describe the processes and decisions associated with new employees.
- Demonstrate the processes for calculating employees' time and wages.
- Distinguish between and describe the different types of fringe benefits and payroll deductions.
- Identify and explain the different federal and state payroll taxes and reporting requirements.
- Demonstrate the accounting for payroll transactions.
- Identify and explain payroll controls.
- Identify and describe the various employee benefits.
- Identify and describe the different post-employment benefits.

“I thoroughly enjoyed the instructors. They have “real world” experiences and can relate to the challenges we face.”

*Rachel Nichols,
Gallatin*



PURCHASING, RISK MANAGEMENT AND ENTERPRISE RESOURCE PLANNING

What do purchasing and risk management have in common? Even though the activities involved in the two functions are very different, purchasing and risk management both require that specially trained and certified government officials use the latest technology and research to execute the complicated and critical activities associated with each function.

Not too many years ago, purchasing was done across organizations by users of the goods and services purchased. Little attention was paid to best practices. In some instances, compliance with state purchasing laws was spotty. Likewise, risk management consisted of purchasing liability insurance and urging employees to behave in ways that reduced liability.

Purchasing and risk management have a common factor: recognition that these two functions are absolutely essential to the financial stability of a local government and should be entrusted to professionals. While neither purchasing nor risk management may be a traditional function of the finance office, they often are a responsibility of the chief finance officer.

Topics Covered

- Purchasing Objectives
- Purchasing Policies
- Types of Purchases
- Municipal Purchasing Law of 1983
- Purchasing Laws by Charter Type
- Other General Laws Related to Purchasing
- Conflicts of Interest in Municipal Purchasing
- Risk Management
- ERP Systems

Learning Objectives

Upon completion of this class, learners will be able to:

- Discuss the objectives of purchasing.
- Recognize different types of purchasing and when each is appropriate.
- Describe the Municipal Purchasing Law of 1983 and the applicable purchasing laws by charter type.
- Recognize other general purchasing laws applicable to municipalities.
- Recognize laws related to conflict of interest in municipal purchasing.
- Explain risk and its relation to the Tennessee Governmental Tort Liability Act.
- Identify the risk types and trends related to municipalities.

“This program is a professionally managed program with emphasis placed on materials, it is not just set up as a seminar where participants go to get credit.”

*Norman Hatfield,
Dunlap*



POST CERTIFICATION REQUIREMENTS

Starting in the calendar year after individuals earn the CMFO Certification, graduates must earn at least 24 hours of qualifying Continuing Professional Education (CPE) hours annually. The 24 hours must consist of 16 hours in “financial” topics and 8 hours in “other” topics. The categories of “financial” and “other” were defined by the Tennessee Comptroller’s Office and include a wide array of acceptable topics. The CPE rules can be located on the Division of Local Government Audit website listed on the following page.

MTAS offers a variety of classes that qualify as CMFO CPE. The current classes include:

Financial

- Legislative Update
- Open Records
- Drug Fund Workshop
- Municipal Records Management
- Workers’ Compensation
- Purchasing Systems
- Tax Administration

Other

- Introduction to Retail Economic Development
- Ethics in Government
- Various human resource, management and leadership courses

MTAS continually updates its selection of course offerings and has more than 30 online courses available through our online training system. MTAS also works with associations to offer sessions that qualify as CMFO CPE at their conferences. MTAS assists the Tennessee Association of Municipal Clerks and Recorders (TAMCAR) and the Tennessee Municipal League (TML) in offering compliant topics for continuing education.





USEFUL WEBSITES

MTAS CMFO Website

<http://www.mtas.tennessee.edu/public/web.nsf/Web/CMFO>

Register for MTAS Courses

<http://www.solutionpoint.tennessee.edu/TPOnline/TPOnline.dll/MTASHome/>

Division of Local Government Audit

<http://www.comptroller1.state.tn.us/la/>

Tennessee Comptroller of the Treasury

<http://www.comptroller1.state.tn.us/>

Government Finance Officers (GFOA)

<http://www.gfoa.org/>

Governmental Accounting Standards Board (GASB)

<http://www.gasb.org/>

Government Auditing Standards (Yellow Book)

<http://www.gao.gov/yellowbook>

Tennessee Local Government Investment Pool (LGIP)

<http://www.treasury.state.tn.us/lgip/index.html>

Association of Government Accountants

<http://www.agacgfm.org/homepage.aspx>



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The university does not discriminate on the basis of race, sex or disability in its education programs and activities pursuant to the requirements of Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, Section 504 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act (ADA) of 1990.

Inquiries and charges of violation concerning Title VI, Title IX, Section 504, ADA or the Age Discrimination in Employment Act (ADEA) or any of the other above referenced policies should be directed to the Office of Equity and Diversity (OED), 1840 Melrose Avenue, Knoxville, TN 37996-3560, telephone (865) 974-2498 (V/TTY available) or 974-2440. Requests for accommodation of a disability should be directed to the ADA Coordinator at the UTK Office of Human Resources, 600 Henley Street, Knoxville, TN 37996-4125.

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