

TITLE 5

MUNICIPAL FINANCE AND TAXATION¹

CHAPTER

1. REAL PROPERTY TAXES.
2. PRIVILEGE TAXES.
3. PURCHASING PROCEDURES.
4. MISCELLANEOUS.

CHAPTER 1

REAL PROPERTY TAXES²

SECTION

- 5-101. When due and payable.
5-102. When delinquent--penalty and interest.
5-103. Collection of delinquent taxes.

5-101. When due and payable. Taxes levied by the town against real property shall become due and payable annually on the first Monday of October of the year for which levied.

5-102. When delinquent--penalty and interest. All real property taxes shall become delinquent on and after the first day of March next after they become due and payable and shall thereupon be subject to such penalty and interest as is authorized and prescribed by the state law for delinquent county real property taxes.

5-103. Collection of delinquent taxes. (1) The town shall use the county trustee and county delinquent tax attorney to collect delinquent property taxes of the corporation for all taxes assessed for 2011 and all years thereafter. The recorder shall certify the 2011 and 2012 delinquent taxes to the county

¹Charter references
Annual budget: § 25.
Fiscal year: § 24.
Expenditures: § 28.

²Charter references
Delinquent taxes: § 36.
Due dates: § 35.
Property taxes: § 32.

trustee by April 1, 2014. In the event the county trustee and county delinquent tax attorney shall accept the delinquent taxes for all taxes assessed for 2005 thru 2012, the recorder shall certify all years to the county trustee and county delinquent tax attorney by April 1, 2014. The recorder shall certify the delinquent taxes to the county trustee and county delinquent tax attorney by April 1 of the year after taxes became due for all years thereafter. The property so certified to the county trustee on which municipal taxes are delinquent shall be advertised and sold in the same manner as the county trustee's other sales of property for county taxes.

(2) In the event the county trustee does not accept delinquent taxes for years prior to 2011, the town shall use the town attorney acting in accordance with general laws and the Charter of the Town of Oakland to collect delinquent property taxes of the corporation for all taxes assessed prior to 2011 and within ten (10) years from April 1 following the year in which the taxes became delinquent. (as added by Ord. #14-5, March 2014)

CHAPTER 2

PRIVILEGE TAXES

SECTION

5-201. Deleted.

5-202. License required.

5-201. Deleted. (as deleted by Ord. #10.09.02, Oct. 2010)

5-202. License required. No person shall exercise any such privilege within the city without a currently effective privilege license, which shall be issued by the recorder to each applicant therefor upon the applicant's payment of the appropriate privilege tax.

CHAPTER 3

PURCHASING

SECTION

- 5-301. Purchasing officer.
- 5-302. Purchase requisitions are required to request a purchase order.
- 5-303. Purchase orders are required prior to any purchase.
- 5-304. Certification of availability of funds to meet contract obligations.
- 5-305. Purchases not exceeding 10,000.00.
- 5-306. Purchases more than \$10,000.00.
- 5-307. Purchases amounting to \$10,000.00 or more, which do not require public advertising and sealed bids or proposals.
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- 5-329. Procedures upon taking delivery of purchased items.
- 5-330. Consideration in determining bid awards and rejection of bids.
- 5-331. Award in case of tie bids.
- 5-332. Conflicts of interest.
- 5-333. Non-performance.
- 5-334. Delinquent delivery.
- 5-335. Items covered by warranty or guarantee.
- 5-336. Publicly advertised auctions.

- 5-337. Use of city credit/debit card and petty cash fund.
- 5-338. Purchasing officer.
- 5-339. Property control.
- 5-340. Disposal of surplus property.
- 5-341. Rules and regulations.

5-301. Purchasing officer. The mayor and the town recorder/chief financial officer shall be the purchasing officers for the municipality. The mayor and town recorder/chief financial officer shall act as purchasing officers for the town, with power, except as set out in these procedures, to approve purchases of materials, supplies, equipment, and services; secure leases and lease-purchases; and dispose of and transfer surplus property for the proper conduct of the town's business. All contracts, leases, and lease-purchase agreements extended beyond the end of any fiscal year must have prior approval of the board of mayor and alderman. The mayor may enter into binding contracts on behalf of the town, without specific board approval, only in routine matters and matters having insubstantial long-term consequences. "Routine matters and matters having insubstantial long-term consequences" mean any contract for which expenditures during the fiscal year will be less than ten thousand dollars (\$10,000.00). The mayor may allow the purchasing officer duties to be designated to a substitute on a temporary basis when warranted if designee is suitable to perform the duties. (Ord. #99-6-2, July 1999, as replaced by Ord. #13-17, Dec. 2013)

5-302. Purchase requisitions are required to request a purchase order. The department head of the using department shall deliver to the accounts payable clerk a written purchase request for the item(s) or service(s) to be purchased. Such request shall include a description of the item or service to be purchased, the estimated cost of such item or service, and shall indicate whether there are sufficient amounts in the annual budget. The department head may provide a list of designees authorized to present requisition, but must do so in writing and obtain written approval from mayor. (as added by Ord. #13-17, Dec. 2013)

5-303. Purchase orders are required prior to any purchase. A requisition is required for purchases, requesting price information, initiating a bid request, and for requesting governing body approval on major expenditures. The department head of the using department shall deliver to the purchasing officer through the accounts payable municipal clerk a properly completed purchase requisition form for the item(s) to be purchased and provide ample time for processing. Purchases must be planned in order to eliminate avoidable emergencies, frequent requests, and unnecessary use of labor and fuel. Except as otherwise provided in this policy, all supplies, materials, equipment, and services of any nature shall be assigned a purchase order number and verified

to see that all requirements for purchase have been completed. Once such requirements have been verified, the purchase may be approved and completed. No purchase is authorized until the purchase order is approved and returned to the requesting department head. The only exception to requisition and purchase order requirements is purchases of five hundred dollars (\$500.00) or less. Detailed instructions for requisitions are in the procedures attached hereto.¹ (as added by Ord. #13-17, Dec. 2013, and amended by Ord. #14-15, Dec. 2014, and Ord. # 15-9, June 2015)

5-304. Certification of availability of funds to meet contract obligations. No contract, agreement, or other obligation involving the expenditure of funds shall be entered into, nor shall any ordinance, resolution, or order of the expenditure of funds be passed by the board of mayor and aldermen or be authorized by any officer of the town, unless the town recorder/chief financial officer shall first certify that the funds required for such contract, agreement, obligation, or expenditure, is in the treasury or safely assured to be forthcoming and available in time to comply with, or meet such contract, agreement, obligation, or expenditures, and no contract, agreement, or other obligation involving the expenditure of money payable from the proceeds of any bonds of the town shall be entered into until the issuance and sale of such bonds have been duly authorized by the board of mayor and aldermen. (as added by Ord. #13-17, Dec. 2013)

5-305. Purchases not exceeding \$10,000.00. The mayor or town recorder/chief financial officer are authorized to make purchases whose estimated costs do not exceed ten thousand dollars (\$10,000.00) without formal sealed bids and written specifications for commonly used items of material, supplies, equipment, and services used in the ordinary course of maintaining and repairing the town's real or personal property; building or maintaining stocks of city material, supplies, and equipment used in the ordinary course of town operations: and minor constructions, repair, or maintenance services. However, a record of all such purchases shall be maintained describing the material, supplies, equipment, or service purchased, the person or business from whom it was purchased, the date it was purchased, the purchase cost, and any other information from which the general public can easily determine the full details of the purchase. Each purchase shall be supported by invoices and/or receipts and all other required documentation. Additional requirements for purchases not exceeding ten thousand dollars (\$10,000.00):

(1) **Purchases less than two thousand five-hundred dollars (\$2,500.00).** Purchases, leases, or lease-purchases of two thousand five hundred dollars

¹Purchasing procedures (and amendments thereto) are available in the office of the recorder.

(\$2,500.00) or less in any fiscal year shall not require any public advertisement or competitive bidding. The department head is expected to obtain the best prices and services available for purchases regardless of bidding requirements.

(2) Purchases more than two thousand five-hundred dollars (\$2,500.00) but less than ten thousand dollars (\$10,000.00). Purchases, leases, and lease purchases of more than two thousand five hundred dollars (\$2,500.00) and less than ten thousand dollars (\$10,000.00) singly, or in the aggregate, during any fiscal year and, except as otherwise provided herein, shall require three (3) proposals or quotations in writing prior to each purchase. Awards shall be made to the lowest and most responsible proposal or quote. A written record shall be required and available for public inspection showing that competitive quotes were obtained. (as added by Ord. #13-17, Dec. 2013)

5-306. Purchases more than \$10,000.00. A description of all projects or purchases, except as herein provided, which require the expenditure of town funds of ten thousand dollars (\$10,000.00) or more shall be prepared by the department head and provided to the town recorder/chief financial officer for submission to the board of mayor and aldermen by resolution for authorization to call for bids or proposals. After the determination that adequate funds are budgeted and available for a purchase, the board of mayor and aldermen may authorize the town recorder/chief financial officer to advertise for bids or proposals and to accept only sealed bids that shall be opened by the purchasing officer or the board of mayor and aldermen. The award of purchases, leases, or lease-purchases of ten thousand dollars (\$10,000.00) or more shall be made by the board of mayor and aldermen to the lowest and best responsible bidder. The transaction shall be evidenced by written contract. (as added by Ord. #13-17, Dec. 2013)

5-307. Purchases amounting to \$10,000.00 or more, which do not require public advertising and sealed bids or proposals. May be allowed only under the following circumstances and, except as otherwise provided herein, when such purchases are approved by the board of mayor and aldermen:

(1) Sole source of supply or proprietary products as determined after complete search by the department head and/or purchasing officer; sole source providers must be approved by the board of mayor and aldermen prior to purchase.

(2) Emergency expenditures with subsequent approval of the board of aldermen.

(3) Purchases from instrumentalities created by two (2) or more cooperating governments.

(4) Purchases from non-profit corporations whose purpose or one of whose purposes is to provide goods or services specifically to municipalities.

(5) Purchases, leases, or lease-purchases of real property.

(6) Purchases, leases, or lease-purchases, from any federal, state, or local governmental unit or agency, of second-hand articles or equipment or other materials, supplies, commodities, and equipment.

(7) Purchases through other units of governments as authorized by Tennessee Code Annotated, § 6-56-301 et seq.

(9) Purchases directed through or in conjunction with the state department of general services.

(10) Purchases from Tennessee state industries.

(11) Professional service contracts as provided in Tennessee Code Annotated, §§ 29-20-407 and 12-4-106. Professional service contracts shall never be awarded on the basis of competitive bidding; rather awards shall be made on the basis of recognized competence and integrity.

(12) Tort liability insurance as provided in Tennessee Code Annotated, §§ 12-4-407 and 29-20-407.

(13) Purchases of perishable commodities.

(14) Natural gas for resale. (as added by Ord. #13-17, Dec. 2013)

5-308. Noncompetitive contracts. The board of mayor and aldermen, upon written recommendation of the mayor, and by unanimous resolution of those present at the meeting, may authorize noncompetitive contracts where it is clearly to the advantage of the municipality not to contract with competitive bidding. (as added by Ord. #13-17, Dec. 2013)

5-309. Acceptance of bids. The town reserves the right to reject any or all bids, to waive any irregularities in a bid, to make awards to more than one (1) bidder, to accept any part or all of a bid, or to accept that bid (or bids) which in the judgment of the board of mayor and aldermen is in the best interest of the city. The board of mayor and aldermen may also reject all bids and assign public improvements or any other municipal work to a municipal department. (as added by Ord. #13-17, Dec. 2013)

5-310. Sealed bids or proposals. Sealed bids are required on all purchases of ten thousand dollars (\$10,000.00.00) or more. Bids must be advertised in a local newspaper of general circulation not less than five (5) days before bid opening date. The decision to use sealed proposals instead of sealed bids must be made by the board of mayor and aldermen by ordinance adopting a procurement code in compliance with Tennessee Code Annotated, § 12-3-1011. When the purchasing officer sends duplicate copies of bid request forms to each bidder, thereby enabling the bidder to return one (1) and maintain a file copy, bids will not be accepted on any vendor letterhead, vendor bid form or other substitutions unless special permission is given by the purchasing officer. (as added by Ord. #13-17, Dec. 2013)

5-311. Record of bids. A summary of bids form should be used to record all bids. The form should be included in the information presented to the board of mayor and aldermen for consideration of award of the bid. All bids should be opened in public at an advertised specified time. Late bids should not be accepted or opened. The purchasing officer shall keep a record of all open market orders and bids submitted in competition thereon, including a list of the bidders, the amount bid by each, and the method of solicitation and bidding, and such records shall be open to public inspection and maintained by the recorder/chief financial officer. At a minimum, the bid file shall contain the following information:

- (1) Request to start bid procedures.
- (2) A copy of the bid specifications.
- (3) A copy of the resolution approved by the board authorizing process.
- (4) A copy of the purchase order.
- (5) A copy of the bid advertisement.
- (6) A list of bidders and their responses.
- (7) A copy of the invoice and all supporting documentation. (as added by Ord. #13-17, Dec. 2013)

5-312. Contracts, applications for title, tax exemption certificates, agreements, and contracts for utilities. Shall not be signed by a town employee other than the designated purchasing officers herein unless authorized in writing by the action of the board of mayor and aldermen. (as added by Ord. #13-17, Dec. 2013)

5-313. Electronic bidding and invitations to bid.¹ Notwithstanding any provision of law, rule, or regulation to the contrary, local governments may satisfy any requirement for mailing by distributing invitations to bid electronically. In addition, local governments may receive bids electronically. The invitation to bid may be distributed electronically and bids shall be considered when they are received in hand at the designated office if by the time and date set for receipt of bids. Such electronic bids or proposals shall contain specific reference to the invitation for bids; the items, quantities, and prices for which the bid is submitted; the time and place of delivery; and a statement that the bidder agrees to all the terms, conditions, and provisions of the invitation for bids. (as added by Ord. #13-17, Dec. 2013)

¹State law reference

Tennessee Code Annotated, § 12-3-704.

5-314. Legal recognition of electronic records, electronic signatures, and electronic contracts.¹ A record or signature may not be denied legal effect or enforceability solely because it is in electronic form. A contract may not be denied legal effect or enforceability solely because an electronic record was used in its formation. If a law requires a record to be in writing, an electronic record satisfies the law. If a law requires a signature, an electronic signature satisfies the law. (as added by Ord. #13-17, Dec. 2013)

5-315. Bid opening. Bids will be opened at the time and date specified on the bid request. All bids are opened publicly and read aloud, with a tabulation provided to all vendors participating. Proposals for extensive systems, complicated equipment, or construction projects, may be evaluated privately with a public recommendation to the board of mayor and aldermen after evaluation and study. The purchasing officer is responsible for setting bid opening dates and times. Failure of a vendor representative to sign a bid removes that bid from consideration. A typed official's name will not be acceptable without that person's written signature. (as added by Ord. #13-17, Dec. 2013)

5-316. Late bids. No bids received after closing time will be accepted. All late bids will be returned unopened to the vendor. Bids postmarked on the bid opening date but received after the specified time will be considered late and will be returned unopened. It is important that the integrity or the bidding process be maintained. (as added by Ord. #13-17, Dec. 2013)

5-317. Telephone bids. The purchasing officer will not accept any bid by telephone. He may accept telephone quotes for purchases less than two thousand five-hundred dollars (\$2,500.00). (as added by Ord. #13-17, Dec. 2013)

5-318. Shipping charges. Bids are to include all shipping charges to the point of delivery. Bids will only be considered on the basis of delivered price, except as otherwise authorized by the board of mayor and aldermen. In many instances, the amount of shipping charges will be the deciding factor in making a purchase. (as added by Ord. #13-17, Dec. 2013)

5-319. Sample product policy. The purchasing officer may request a sample product as part of a bid. If this is stated on the bid proposal form, the vendor is required to comply with this request or have the bid removed from consideration. (as added by Ord. #13-17, Dec. 2013)

¹State law reference

Tennessee Code Annotated, § 47-10-107.

5-320. Approved equal statement. Specifications in the request for bids are intended to establish a desired quality or performance level or other minimum requirements which will provide the town with the best product available at the lowest possible price. When a brand name and/or model are designated, it signifies the minimum quality acceptable. If an alternate is offered, the bidder must include the brand name or model to be furnished, along with complete specifications and descriptive literature and, if requested, a sample for testing. Brands and/or models other than those designated as "equal to" products shall receive equal consideration. (as added by Ord. #13-17, Dec. 2013)

5-321. Alternate bids. Should it be found, after bids have been opened, that a product has been offered with an alternative specification and that this product would be better for the town to use, all bids for that item may be rejected and specifications redrawn to allow all bidders an equal opportunity to submit bids on the alternate item. (as added by Ord. #13-17, Dec. 2013)

5-322. Vendor identification. Potential suppliers are selected from existing vendor files using department's suggestions and any and all sources available to locate vendors related to a specific product or service. New suppliers are added to the bid list as they are found. (as added by Ord. #13-17, Dec. 2013)

5-323. Cancellation of invitation for bid. An invitation to bid, a request for proposal, or other solicitations may be canceled, or any or all bids or proposals may be rejected in part as may be specified in the solicitation when it is in the best interest of the town. The reasons shall be made a part of the bid or proposal file. (as added by Ord. #13-17, Dec. 2013)

5-324. Public advertisement. In addition to publication in a newspaper of general circulation as required by law, the purchasing officer may make any other efforts to let all prospective bidders know about the invitation to bid. This may be accomplished by delivery, verbally, mail, or by posting the invitation to bid in a public place. It is not required that specifications be included in the invitation to bid. However, the notice should state clearly the purchase to be made. (as added by Ord. #13-17, Dec. 2013)

5-325. Mistakes in bids. Mistakes in bids detected prior to bid opening may be corrected by the bidder withdrawing the original bid and submitting a revised bid prior to the bid opening date and time. Bidder mistakes detected by the bidder after the bids have been opened based on miscalculation may be withdrawn only with the approval of the purchasing officer. The purchasing officer shall determine if all or a portion of any bid bond shall be surrendered to the town as liquidated damages for any costs associated with the bid withdrawal. (as added by Ord. #13-17, Dec. 2013)

5-326. Performance, bid bonds, and deposits. Performance, bid bonds, and deposits must be determined by the board of mayor and aldermen. The board of mayor and aldermen may require a performance bond before entering into a contract, in such amount as they find reasonably necessary to protect the best interests of the town and furnishers of labor and materials in the penalty of not less than the amount provided by Tennessee Code Annotated. When deemed necessary, the board of mayor and aldermen may require that bidders submit a bid bond or other acceptable guarantee equal to five percent (5%) of the bid to ensure that the lowest responsible bidder selected by the board enters into a contract with the town. All or a portion of the bid bond shall be surrendered to the town as liquidated damages should the successful bidder fail to enter into a contract awarded by the board within ten (10) days after the award, and unsuccessful bidders shall be entitled to a return of such deposits within ten (10) calendar days of the bid award. The board of mayor and aldermen may require and then include in the bid documents a requirement for the successful bidder to post a performance bond or other guarantee satisfactory to the city attorney that insures the faithful performance of all of the terms and conditions of any purchase contract. (as added by Ord. #13-17, Dec. 2013)

5-327. Professional service contracts.¹ Only contracts for services performed within the professional's field of expertise are to be considered professional service contracts. A contract is required to be awarded on the basis of recognized competence and integrity, rather than competitive bids. A written contract specifying the service, cost, and expenses covered under the contract is required. Professional services include legal services, fiscal agent, financial advisor or advisory services, consultants, and other similar services by professionals with "high ethical standards." Only contracts for services performed within the professional's field of expertise are to be considered professional service contracts. Contracts for professional services will be awarded on the basis of recognized competence and integrity rather than on competitive bids. This does not prevent the town from requesting proposals from eligible service providers, then deciding the capabilities of each. (as added by Ord. #13-17, Dec. 2013)

¹State law reference

Tennessee Code Annotated, §§ 12-4-106 and 62-2-107.

Architect or Engineer: Plans, specifications, and estimates for any public works project exceeding twenty-five thousand dollars (\$25,000.00) must be prepared by a registered architect or engineer as required by Tennessee Code Annotated, § 62-2-107.

5-328. Emergency purchases. Emergency purchases are to be made only when normal functions and operations of the town would be severely hampered by purchasing in the regular manner, or where property, equipment, or life are endangered through unexpected circumstances; and materials, services, etc., are needed immediately. Failure to plan does not equivocate to the necessity or approval as an emergency purchase. All emergency purchases must be documented and submitted to the board of aldermen for subsequent review. (as added by Ord. #13-17, Dec. 2013)

5-329. Procedures upon taking delivery of purchased items. Before accepting delivery of purchased equipment, supplies, materials and other tangible goods, the department head of the using department shall:

- (1) Inspect the goods to verify that they are in acceptable condition.
- (2) Verify that all operating manuals and warranty cards are included in the delivery of the goods, if applicable.
- (3) Verify that the number of items purchased has been delivered; making special note when part of all of a particular purchase has been back ordered.
- (4) Record serial numbers on appropriate forms for all capital and mobile items and provide to town recorder/chief financial officer.
- (5) Provide to the purchasing agent all packing slips, signed tickets, etc. reflecting acceptable receipt of goods.
- (6) All warranty information must be provided to the town recorder/chief financial officer. (as added by Ord. #13-17, Dec. 2013)

5-330. Considerations in determining bid awards and rejection of bids. The board of mayor and aldermen shall have the authority to reject any and all bids, parts of all bids, or all bids for any one or more supplies or contractual services included in the proposed contract, when the public interest will be served thereby. The board of mayor and aldermen shall not accept the bid of a vendor or contractor who is in default on the payment of any taxes, licenses, fees, or other monies of whatever nature that may be due the town by said vendor or contractor. When the award for a purchase or contract is not given to the lowest bidder, a full and complete statement of the reasons shall be prepared and filed as part of the bid record and shall be recorded in the minutes of the meeting. The following criteria shall be considered in determining bid awards:

- (1) The ability of the bidder to perform the contract or provide the material or service required.
- (2) Whether the bidder can perform the contract or provide the service promptly, or within the time specified, without delay or interference.
- (3) The character, integrity, reputation, judgment, experience, and efficiency of the bidder.

(4) The previous and existing compliance by the bidder with laws and ordinances relating to the contract or service.

(5) The quality of performance of previous contracts or services, including the quality of such contracts or services in other municipalities, or performed for private sector contractors.

(6) The sufficiency of financial resources and the ability of the bidder to perform the contract or provide the service.

(7) The ability of the bidder to provide future maintenance and service for the use of the supplies or contractual service contracted.

(8) Compliance with all specifications in the solicitation for bids.

(9) The ability to deliver and maintain any requisite bid bonds or performance bonds.

(10) Total cost of the bid, including life expectancy of the commodity, maintenance costs, and performance.

(11) Bid awards may be split among two (2) or more bidders only if provided in notice for bidding that bid awards may be split. If total savings generated is less than two hundred dollars (\$200.00), bid awards shall not be split. (as added by Ord. #13-17, Dec. 2013)

5-331. Award in case of tie bids. When two (2) or more vendors have submitted the low bid, the following criteria shall be used to award the bid:

(1) Discount allowed;

(2) Delivery schedule;

(3) Previous vendor performance;

(4) Vendor location;

(5) Trade-in value offered.

If the tie cannot be resolved in this manner to the satisfaction of the board of mayor and aldermen, the decision shall be based upon a coin toss as directed by the board of mayor and aldermen. (as added by Ord. #13-17, Dec. 2013)

5-332. Conflicts of interest. No purchase shall be made from, nor any contract for purchase of services made, with any person, firm, or corporation in which any officer or employee of the town is financially interested except when such person, firm, or corporation is the sole source for such goods or services within a reasonable marketable distance of the town, and then in such instance, all purchases shall be subject to prior approval by the board of mayor and aldermen. No officer or employee of the town shall accept directly or indirectly any fee, rebate, money, or other thing of value from any person, firm, or corporation employed by or doing business with the town, except on behalf of and for the use of the town, or in accordance with the exception hereinabove set forth. It shall be the policy of the town not to purchase any goods or services from any employee or close relative of any town employee without the prior approval of the board of mayor and aldermen. (as added by Ord. #13-17, Dec. 2013)

5-333. Non-performance. Failure of a bidder to complete a contract, bid, or purchase order in the specified time agreed on, or failure to provide the service, materials, or supplies required by such contract, bid, or purchase order, or failure to honor a quoted price on services, materials, or supplies on a contract, bid, or purchase order may result in one (1) or more of the following actions in addition to those already addressed within this ordinance:

- (1) Removal of a vendor from a bid list.
- (2) Allowing the vendor to find the needed item for the town from another supplier at no additional cost to the town.
- (3) Allowing the town to purchase the needed services, materials, or supplies from another source and charge the vendor for any difference in cost resulting from this purchase.
- (4) Allowing monetary settlement. (as added by Ord. #13-17, Dec. 2013)

5-334. Delinquent delivery. Once the purchasing officer has issued a purchase order, no follow-up work should be done unless the item has not been received. If this happens, the purchasing officer may initiate action, either written or verbal as time allows investigating the delay. (as added by Ord. #13-17, Dec. 2013)

5-335. Items covered by warranty or guarantee. The town buys many items which have a warranty or guarantee for a certain length of time, such as tires, batteries, water heaters, roofs, and equipment. Before these items are repaired or replaced, the purchasing officer should be consulted to see if the item is covered by such warranty or guarantee. The town recorder shall maintain an active current file with complete information on such warranties or guarantees. All warranties must be remitted to the purchasing officer with the invoice indicating date of receipt. (as added by Ord. #13-17, Dec. 2013)

5-336. Publicly advertised auctions. Tennessee Code Annotated, § 12-3-1006 grants municipalities the authority to purchase items at publicly advertised auctions after the board of mayor and aldermen have established written and adopted procedures governing such purchases. Only the mayor or designated purchasing officer shall make purchases at publicly advertised auctions unless a designee is appointed by the board of mayor and aldermen. The town may purchase at any publicly advertised auction new or secondhand articles, equipment, or other materials, supplies, commodities and equipment without public advertisement and competitive bidding. If the town purchases any materials, supplies, commodities or equipment at a publicly advertised auction pursuant to state law, then the following information must be provided to town recorder to report to the board of mayor and aldermen:

- (1) A description of the materials, supplies, commodities, or equipment that was purchased;

- (2) The auction where such items were purchased;
- (3) The purchase price of such items; and
- (4) The vendor of such materials, supplies, commodities, or equipment.

All other purchasing requirements under this chapter are applicable. (as added by Ord. #13-17, Dec. 2013)

5-337. Use of city credit/debit card and petty cash fund. Purchases made by credit/debit card must comply with the town's policy governing the use of such cards. To buy items that cost less than one hundred dollars (\$100.00) from businesses that do not issue invoices or have charge accounts, purchases may be made by withdrawals from the petty cash fund. Prior to any withdrawal from the petty cash fund, such a fund must be set up by the town recorder/chief financial officer. The town recorder/chief financial officer, or a designee, is responsible for any withdrawals from this account in compliance with the State of Tennessee Internal Control and Compliance Manual. Any receipts or requests for monies from this fund must contain the expense code and be signed by the person receiving the cash for payment. Credit/debit cards and the petty cash fund should be used only if other purchasing methods are not easily obtainable. (as added by Ord. #13-17, Dec. 2013)

5-338. Purchasing officer. The purchasing officer shall be responsible for following these procedures and the Municipal Purchasing Law of 1983, as amended, including keeping and filing required records and reports, as if they were set out herein and made a part hereof. (as added by Ord. #13-17, Dec. 2013)

5-339. Property control. A physical inventory of all fixed assets of the town shall be taken and include all serial/VIN numbers. All fixed assets will be tagged as required by the Internal Control and Compliance Manual issued by the State of Tennessee Office of Comptroller. This inventory will be maintained and updated upon any purchase and provided to the town recorder/chief financial officer. A complete inventory will be performed annually after established to obtain the following goals:

- (1) To identify unneeded and duplicate assets.
- (2) To provide a basis for insurance coverage and claims.
- (3) To deter the incidence of theft and negligence.
- (4) To aid in the establishment of replacement schedules for equipment.
- (5) To note transfers of surplus property.

To be classified as a fixed asset, an item must be tangible, have an expected life longer than the current fiscal year, and have a value of at least one hundred dollars (\$100.00). Any property or equipment that meets this criterion shall be assigned an asset number (affixed with a property sticker or tag), have a completed property card, and be inventoried annually. Such records shall be

controlled and maintained by the department head and copy thereof provided to the town recorder/chief financial officer. These records shall be kept in an updated and current condition and subject to periodic audit. Computer print outs with appropriate information shall be acceptable if signed by the department head. (as added by Ord. #13-17, Dec. 2013)

5-340. Disposal of surplus property. The mayor and town recorder shall be in charge of the disposal of surplus property and make a full report to the board of mayor and aldermen after the items are disposed of. When a department head determines that there is surplus equipment or materials within the department, he/she shall notify the mayor and town recorder in writing of such equipment. The mayor and town recorder may transfer surplus equipment or materials from one department to another with subsequent approval of the board of mayor and aldermen. The town recorder in conjunction with the department head will decide of the best method of disposal of items with an estimated value of less than one thousand dollars (\$1,000.00). Items with an estimated value of more than one thousand dollars (\$1,000.00) shall be advertised for bidding, which will begin after the purchasing officer has received approval from the board of mayor and aldermen. No town employee or officer shall be permitted to bid on surplus property; nor shall any surplus property be sold or given to a town employee by the board of mayor and aldermen, the purchasing officer, or any town department head. For the purposes of this chapter, members of the board of mayor and aldermen and any other board or commission member shall be considered town employees. Further instructions as to disposal of surplus property are as follows:

(1) Surplus property: Items consumed in the course of work thought to be worthless - town property which may be consumed in the course of normal town business and items thought to be worthless shall be disposed of in a like manner as any other refuse. For accounting purposes, such items shall be charged off as a routine cost of doing business.

(2) Surplus property: Items estimated to have monetary value - when disposing of surplus property estimated to have monetary value, the town recorder, in conjunction with the department head, shall comply with the following procedures:

(a) Obtain from the board of mayor and aldermen a resolution declaring said items to be surplus property and fixing the date, time, and location for the town recorder to receive bids.

(b) A copy of the resolution shall be posted at city hall and in newspaper of local circulation.

(c) Such equipment or materials shall be sold to the highest bidder. In the event the highest bidder is unable to pay within twenty-four (24) hours, the item shall be awarded to the highest bidder.

(d) All pertinent information concerning the sale shall be noted in the fixed asset records of the town.

(e) The advertisement, bids and property cards shall be retained for a minimum period of five (5) years.

(f) With approval of the board of mayor and aldermen, equipment or material also may be sold at public auction.

(3) Surplus property: town identification removed prior to sale. No surplus town property shall be sold unless and until all decals, emblems, lettering, or coloring which identifies the item as belonging to the Town of Oakland have been removed or repainted. (as added by Ord. #13-17, Dec. 2013)

5-341. Rules and regulations. Purchasing rules and regulations shall be developed by the purchasing officer, and approved and adopted by the board of mayor and aldermen. The purchasing procedures attached hereto, if any, are made a part hereof, and are hereby adopted. The purchasing officer is hereby authorized and directed to develop such forms and procedures as are necessary to comply with this chapter and adopted procedures. (as added by Ord. #13-17, Dec. 2013)

CHAPTER 4

MISCELLANEOUS

SECTION

5-401. Official depositories for town funds.

5-402. Capitalization thresholds for financial reporting purposes.

5-401. Official depositories for town funds. The following banking and savings and loan institutions, are hereby designated as official depositories of municipal funds for the Town of Oakland:

- | | |
|---------------------------------|--------------------------|
| 1. Oakland Deposit Bank | 6. BanCorp South |
| 2. Somerville Bank & Trust | 7. Bank of Fayette Co. |
| 3. Union Planters | 8. Coastal Securities |
| 4. First Citizens National Bank | 9. Teachers Credit Union |
| 5. TML Investment Pool | |

(as added by Ord. #04-03-01, April 2004, and replaced by Ord. #04-04-01, May 2004)

5-402. Capitalization thresholds for financial reporting purposes. (1) The following minimum threshold amounts are established for the purpose of recording and reporting general capital assets, including general infrastructure assets, in the financial statements as required by GASB 34:

<u>CAPITAL ASSET</u>	<u>CAPITALIZE & DEPRECIATE</u>	<u>ESTIMATED USEFUL LIFE</u>
Land	\$5,000.00	1 Year
Building	\$5,000.00	1 Year
Improvements other than buildings	\$5,000.00	1 Year
Infrastructure	\$5,000.00	1 Year
All other capital assets including, but not limited to, machinery, equipment, vehicles	\$5,000.00	1 Year

(2) Assets that are consumed, used-up, lost or worn-out in one (1) year or less shall not be capitalized. Assets having a useful life of more than one (1) year but that have a historical or estimated costs of less than the threshold limit established in subsection (1) above must be inventoried for tracking purposes, including location, and provided to the town recorder as an official record.

Assets having a useful life of more than one (1) year that have a historical or estimated cost of less than the threshold limit but one hundred dollars (\$100.00) or more must be tagged and assigned inventory number and location provided to the town recorder as an official record.

(3) The town recorder or chief financial officer is responsible for maintaining capital asset inventory and all other asset inventories for capitalization, depreciation, and monitoring of town assets. The town recorder or chief financial officer shall have the cooperation and assistance of all department heads in establishing asset inventory records in accordance with GASB 34 and the State of Tennessee Division of Municipal Audit Internal Control and Compliance Manual for Tennessee Municipalities. (as added by Ord. #15-3, March 2015)