109 3rd Ave S
Franklin, TN 37064
(615) 791-3217

City of Franklin

Meeting Agenda

Budget & Finance Committee

Thursday, June 10, 2021	2:00 PM	Board Room

CALL TO ORDER

APPROVAL OF MINUTES

1. Consideration Of Approval Of Minutes From The May 13, 2021 Budget & Finance Committee Meeting.

NEW BUSINESS

2. Consideration Of Resolution 2021-91, A Resolution Adopting A Revised Purchasing Policy For City Of Franklin, Tennessee, Procurements Not Pertaining To The Design And/Or Construction Of New Infrastructure And Facilities.

   Sponsors: Kristine Brock, Brian Wilcox

3. Consideration Of DRAFT Resolution 2021-96, A Resolution Adopting A Lease Accounting And Reporting Policy For The City Of Franklin.

   Sponsors: Kristine Brock, Mike Lowe

4. Report Of Internal Control Documentation Updates

   Sponsors: Mike Lowe

5. Financial Report For 3rd Quarter Of FY 2021

   Sponsors: Kristine Brock, Mike Lowe

6. Monthly Reports For June 2021

   Sponsors: Mike Lowe, Margaret Wilson

OTHER BUSINESS

ADJOURN

Anyone needing accommodations due to disabilities please contact the ADA Coordinator at 615-791-3277 at least 24 hours prior to the meeting.

City of Franklin

109 3rd Ave S.
Franklin, TN 37064
(615) 791-3217

File #: 21-02017

DATE: April 28, 2021

TO: Budget & Finance Committee

FROM: Eric Stuckey, City Administrator
Kristine Brock, Asst. City Administrator/CFO
Brian Wilcox, Purchasing Manager

SUBJECT:

Consideration Of Resolution 2021-91, A Resolution Adopting A Revised Purchasing Policy For City Of Franklin, Tennessee, Procurements Not Pertaining To The Design And/Or Construction Of New Infrastructure And Facilities.

PURPOSE:

The purpose of this memorandum is to present Resolution No. 2021-91, a resolution that would adopt a revised Purchasing Policy for City of Franklin procurements not pertaining to new construction.

BACKGROUND/STAFF COMMENTS:

Staff recommends several changes to the Purchasing Policy for City of Franklin procurements not pertaining to new construction as reflected in the attached document, none of which are substantive.

Resolution No. 2021-91 as proposed, including the revised policy as proposed, is attached. Also attached is a red-lined version of the revised policy as proposed. This red-lined version has marked all recommended changes to the text of the policy.

FINANCIAL IMPACT:

Staff is not aware of any adverse financial impact of these proposed policy changes.

RECOMMENDATION:

Staff recommends that Resolution 2021-91 be recommend to the Board of Mayor and Alderman for approval.

RESOLUTION 2021-91

A RESOLUTION ADOPTING A REVISED PURCHASING POLICY FOR CITY OF FRANKLIN, TENNESSEE, PROCUREMENTS NOT PERTAINING TO THE DESIGN AND/OR CONSTRUCTION OF NEW INFRASTRUCTURE AND FACILITIES

WHEREAS, in 2004, the Board of Mayor and Aldermen of the City of Franklin established methods to comply with the Municipal Purchasing Law of 1983, as amended, and to provide for a more formal process for the procurement of equipment, services, and materials for the operation of municipal government but not pertaining to the design and/or construction of new infrastructure and facilities; and

WHEREAS, on July 26, 2011, the Board of Mayor and Aldermen adopted Resolution No. 2011-26, a resolution adopting a revised purchasing policy for the City; and

WHEREAS, on January 14, 2014, the Board of Mayor and Aldermen adopted Resolution No. 2014-06, a resolution adopting a revised purchasing policy for the City; and

WHEREAS, on January 27, 2015, the Board of Mayor and Aldermen adopted Resolution No. 2014-90, a resolution adopting a revised purchasing policy for the City; and

WHEREAS, on June 28, 2016, the Board of Mayor and Aldermen adopted Resolution No. 2016-24, a resolution adopting a revised purchasing policy for the City; and

WHEREAS, on June 27, 2017, the Board of Mayor and Aldermen adopted Resolution No. 2017-41, a resolution adopting a revised purchasing policy for the City; and

WHEREAS, on June 26, 2018, the Board of Mayor and Aldermen adopted Resolution No. 2018-24, a resolution adopting a revised purchasing policy for the City; and

WHEREAS, on June 25, 2019, the Board of Mayor and Aldermen adopted Resolution No. 2019-49, a resolution adopting a revised purchasing policy for the City; and

WHEREAS, on September 24, 2019, the Board of Mayor and Aldermen adopted Resolution No. 2019-82, a resolution adopting a revised purchasing policy for the City; and

WHEREAS, on June 23, 2020, the Board of Mayor and Aldermen adopted Resolution No. 2020-69, a resolution adopting a revised purchasing policy for the City; and

WHEREAS, on January 12, 2021, the Board of Mayor and Aldermen adopted Resolution No. 2020-214, a resolution adopting a revised purchasing policy for the City; and

WHEREAS, the Board of Mayor and Aldermen believes it is in the best interest of the City of Franklin for the purchasing policy to be further revised in order to update the policy.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF FRANKLIN, TENNESSEE, AS FOLLOWS:

Section 1. The purchasing policy for City of Franklin procurements not pertaining to new construction adopted by Resolution No. 2020-214, and all previous versions of that policy and any subsequent changes or revisions thereto, are hereby repealed in their entirety. In place thereof, the purchasing policy for City of Franklin procurements not pertaining to the design and/or construction of new infrastructure and facilities, attached as **Exhibit A** hereto, is adopted.

Section 2. The Purchasing Manager of the City shall be responsible for the administration and enforcement of the policy hereby adopted.

Section 3. Changes or revisions to the policy hereby adopted shall be made only by resolution of the Board of Mayor and Aldermen of the City of Franklin.

Section 4. The effective date of the policy hereby adopted shall be July 1, 2021, the public welfare and the welfare of the City requiring it.

IT IS SO RESOLVED AND DONE on this ______ day of __________________, 2021.

ATTEST:

By: ______________________________________

Eric S. Stuckey
City Administrator / City Recorder

CITY OF FRANKLIN, TENNESSEE:

By: ______________________________________

Dr. Ken Moore
Mayor

Approved as to Form:

By: ______________________________________

Maricruz R. Fincher
Staff Attorney

HISTORIC
FRANKLIN
TENNESSEE

Purchasing Policy

for City of Franklin procurements not pertaining to new construction

A. General Provisions

This City of Franklin ("City") Purchasing Policy shall apply to the purchase of materials, supplies, vehicles and equipment, the purchase of services other than those pertaining to the design and/or construction of new infrastructure and facilities, leases and lease-purchases, and the disposal and transfer of surplus personal property, all for the proper conduct of the City's business.

All contracts, leases and lease-purchase agreements are subject to the approval of the Board of Mayor and Aldermen, unless otherwise provided by resolution or ordinance. Any contracts, leases and lease-purchase agreements extending beyond the end of the current fiscal year shall be so noted prior to consideration by the Board of Mayor and Aldermen.

Whenever the City undertakes its own competitive procurement process for the procurement of goods and/or services not pertaining to the design and/or construction of new infrastructure and facilities, then the City is hereby authorized to utilize the one or more of the following procurement methodologies best suited for the intended procurement:

- request for quotations (not for purchases valued at $25,000 or more)
- solicitation for bids
- request for proposals
- request for qualifications

This Purchasing Policy is intended to promote the public interest and preserve and enhance the public trust by establishing a transparent procurement system by which the City conducts its non-construction related purchasing, and by providing vendors (including suppliers, service providers and contractors) with a fair forum for competing for City business.

B. Responsibilities of Departments

The following are the responsibility of each department:

1. Departments shall be responsible for purchases and projects valued less than $25,000. (In the context of this Policy, whenever any dollar thresholds are referenced, the estimated total value of the purchase or project, including all components related thereto, either over the course of the term of the award or, in the absence of a term of award, over the course of the next twelve (12) months, shall be considered.)
2. Departments shall use pricing established pursuant to City procurement awards or Tennessee statewide contracts (SWCs) if and as available. The use of pricing established by cooperative purchasing arrangements approved by the City Administrator for use by the City, as well as pricing established by other Tennessee local governments pursuant to a competitive process involving "public advertisement" (hereby defined to mean the same as that term is used in T.C.A. § 6-56-301 *et seq.*, the Tennessee Municipal Purchasing Law of 1983, as it may be amended from time to time) and sealed submittals, are acceptable alternatives and may be used in lieu of competitive pricing established by the City or the State.
3. Departments shall coordinate with the Purchasing Office and/or the Finance Department as to the method of payment that best meets the needs of the City.

4. Before placing an order for any non-emergency purchase valued at or greater than $10,000, departments shall prepare and submit a requisition, on the form prescribed by the Purchasing Office, and await approval thereof. For orders for emergency purchases valued at or greater than $10,000, the requisition may be completed within ten (10) calendar days after placing the order (see also provision D, "Circumstances under which competitive pricing is not required," subsections 2 and 18, provision K, "Emergency Purchases," and provision Y ("Emergency policies and procedures")).

5. Purchases valued less than $25,000 but not less than $10,000 shall not be made unless and until, wherever possible, the department shall have obtained and forwarded to the Purchasing Manager competitive pricing quotations from at least three (3) vendors, said quotations to be either supplied in writing by the vendor or reduced to writing by the department, accompanied by a tabulation of the comparative aspects of the quotations obtained, a recommendation as to which quotation should be accepted and a requisition for the recommended quotation. As an alternative to obtaining three quotes, departments may use any of the procurement methodologies approved for usage for purchases valued at $25,000 or more.

6. All foreseeable purchases, including those valued less than $10,000, should not be made unless and until the department head or his or her authorized representative is satisfied that the value of the purchase is fairly priced and not more than what would be expected in the current market place. At the discretion of the department head or his or her authorized representative, for foreseeable purchases valued less than $10,000, the department should, whenever it is prudent to do so, obtain multiple competitive pricing quotations, said quotations to be either supplied in writing by the vendor or reduced to writing by the department.

7. As soon as practicable but within ten (10) calendar days of receipt of items ordered, departments shall be responsible for verifying that the items conform to the order. The process for taking delivery of items is as follows:

- **a.** Inspect the goods to verify that they are in acceptable condition.
- **b.** Verify that all operating manuals and warranty cards are included in the delivery of the goods, if applicable.
- **c.** Verify that the number of items ordered have been delivered, making special note when all or part of a particular order has been back-ordered.
- **d.** Ensure that purchases of capital assets of the City have been properly reported, either directly or indirectly, to the Finance Department and the City's Risk Manager and, if rolling stock, Fleet Maintenance, on forms prescribed by those respective offices, so that records of such purchases may be updated, insurance coverage may be obtained, and vehicle tags may be obtained, all in a timely manner.

8. Regardless of method of payment, departments shall be responsible for reviewing, approving, and allocating to the proper budget code all invoices authorized for payment.

9. It shall be the responsibility of each department to allow time for competitive solicitation, ordering and delivery pursuant to this Purchasing Policy.

10. No employee shall make any indication that he/she will recommend a particular product for purchase, knowingly bind the City to a specific vendor, or make any representation as to his or her authority to bind the City by contract when such is not the case.

C. Responsibilities of Purchasing Manager

The following are the responsibility of the Purchasing Manager:

1. The Purchasing Manager shall assist all departments in purchasing operating materials, supplies, vehicles, equipment, and services to which this Purchasing Policy applies.

2. The Purchasing Manager shall be responsible for facilitating the competitive process by which all purchases to which this Purchasing Policy applies and valued at or greater than $25,000 are made.
3. For all purchases to which this Purchasing Policy applies and valued at or greater than $10,000, the Purchasing Manager shall advocate the purchase of required products and services only either from (a) the responsible bidder or quoter that submits the lowest priced responsive bid or quote or from (b) the responsible proposer or other respondent that submits the responsive proposal or other submittal that is most advantageous to the City.
4. The Purchasing Manager shall advise the departments about the source and availability of products and services needed by the various departments.
5. The Purchasing Manager shall provide current vendor files available for use and review by departments.
6. The Purchasing Manager shall, upon request, obtain prices on comparable items.
7. The Purchasing Manager shall provide vendor lists, prepare Purchase Orders as necessary, and maintain orderly files.
8. The Purchasing Manager shall be alert on an ongoing basis for new sources and for improved products and services.
9. The Purchasing Manager shall assist the departments in the preparation of specifications for solicitations for bids and the requirements provisions of requests for proposals and requests for qualifications.
10. For formal procurement solicitations, the Purchasing Manager shall prepare and submit for timely publication all legal notices. To promote competition and facilitate the dissemination of documents and information pertaining to formal procurement solicitations, the Purchasing Manager shall post on the City's public website timely information about current formal procurement solicitations.
11. The Purchasing Manager shall periodically review the City's recent records of repetitive purchases, over time, across the organization and across suppliers and service providers, of like products and services, and shall advocate the City consolidate and aggregate its purchase of as many foreseeably necessary like products and services as practicable so to improve pricing for the City, to improve services provided to the City, and/or to reduce the City's cost of operations.
12. To the extent practicable, the Purchasing Manager shall strive to apply procurement thresholds of the City by like product or service for all anticipated needs of the City for the maximum term of a prospective award.
13. The Purchasing Manager shall investigate complaints from departments of poor performance by vendors, or complaints about inferior products, and shall, in consultation with the City's Law Department, choose which, if any, remedies are available to the City to pursue.
14. The Purchasing Manager shall be responsible for disposing of the City's surplus personal property of any value, regardless of whether the property was acquired and came to be owned by the City by means of purchase or donation or otherwise, by means of a competitive process and in compliance with City ordinance, except in cases involving data security or other mitigating circumstances. The Purchasing Manager shall develop the appropriate documentation for the Finance Department in accordance with the City Code.
15. The Purchasing Manager shall be responsible for administering and overseeing the City's Purchasing Card program.
16. The Purchasing Manager shall be responsible for otherwise administering and complying with this Purchasing Policy and applicable Tennessee state law, specifically T.C.A. § 6-56-301 *et seq.* (Tennessee Municipal Purchasing Law of 1983) and T.C.A. § 12-3-1201 *et seq.* (Public Purchases – Local Governments), as it may be amended from time to time, including keeping and filing required records and reports, as if they were set out herein and made a part hereof and within definitions of words and phrases from the law as herein defined.

D. Circumstances under which competitive pricing is not required

Under any of the following circumstances, competitive pricing (sealed bids or proposals pursuant to public advertising if valued at or greater than $25,000; three quotes wherever possible if valued less than $25,000 but not less than $10,000) is not required. Under any of these same circumstances, neither individual authorization by nor specific reporting to the Board of Mayor and Aldermen is required unless such is otherwise required pursuant to this policy.

1. Authorized sole-source purchases (see provision L, "Sole-Source Purchases").
2. Authorized emergency expenditures (see provision K, "Emergency Purchases"; see also provision D ("Circumstances under which competitive pricing is not required"), subsection 18, and provision Y ("Emergency policies and procedures")).
3. Purchases from instrumentalities created by two (2) or more cooperating governments, such as, but not limited to those established pursuant to T.C.A. § 12-9-101, *et seq.* (Life Cycle Cost and Procurement Act of 1978).
4. Purchases from non-profit corporations whose purpose or one of whose purposes is to provide products and services specifically to municipalities, as provided in T.C.A. § 6-56-302.
5. Purchases, leases, or lease-purchases of real property, as provided by City ordinance and state law.
6. Purchases, leases, or lease-purchases of used or secondhand articles consisting of goods, equipment, materials, supplies, or commodities, as provided in T.C.A. § 12-3-1202.
7. Purchases of supplies, goods, equipment (except new or unused motor vehicles, unless the motor vehicles are manufactured for a special purpose as defined in T.C.A. § 12-3-1208) and/or services (except any transportation infrastructure project, including, but not limited to, projects for the construction or improvement of streets, highways, bridges, tunnels, or any roadway related facility), pricing for which has been established by other units of Tennessee local government, as provided in T.C.A. § 12-3-1203(a) and 12-3-1203(c).
8. Purchases pursuant to Tennessee Department of General Services statewide contracts (SWCs) authorized for use by Tennessee local governments.
9. Purchases from Tennessee Rehabilitative Initiative in Correction (TRICOR).
10. Professional service contracts, as provided in T.C.A. § 12-3-1209.
11. Other professional services, including actuarial, architectural design, financial and compliance audit, engineering design, financial advisory, legal counsel and medical.
12. Tort liability insurance, as provided in T.C.A. § 29-20-407.
13. Purchase of fuels, fuel products or perishable commodities.
14. Purchases based on contracts established by a cooperative purchasing arrangement recognized by the City pursuant to Resolution No. 2009-50, as provided in T.C.A. § 12-3-1205.
15. Purchases based on contracts established by the United States General Services Administration (GSA) and authorized by GSA for use by US local governments, except as may be prohibited by applicable Tennessee statute.
16. Other arrangements and methods pursuant to Tennessee and/or federal law.
17. Fees paid by the City for products and services provided to the City by the State of Tennessee, other units of local government, and public utilities and utility districts.
18. Purchases made during a declared state of emergency that applies to the City but only if specific conditions prevent the establishment of competitive pricing; provided, however, that if the emergency purchase is valued at or greater than $25,000 both the purchase and the specific conditions that prevented the establishment of competitive pricing shall, as soon as practicable, be reported to the Board of Mayor and Aldermen (see also

provision D ("Circumstances under which competitive pricing is not required"), subsection 2, provision K, "Emergency Purchases"), and provision Y ("Emergency policies and procedures").

E. Rejection of Bids, Proposals or Other Submittals

The Purchasing Manager shall recommend to the Board of Mayor and Aldermen to reject any and all bids, proposals or other submittals received pursuant to a formal procurement solicitation issued by the Purchasing Office, or parts thereof, for any product or service to which this Policy applies, whenever, prior to the Board of Mayor and Aldermen making an award pursuant to such a formal procurement solicitation, the Purchasing Manager believes the public interest would be best served by such rejection. The Purchasing Manager shall recommend to the Board of Mayor and Aldermen that it reject any such submittal of a vendor or contractor who is in default on the payment of taxes, licenses, fees or other monies of whatever nature that may be due the City by the vendor or contractor whenever, prior to the Board of Mayor and Aldermen making an award pursuant to such a formal procurement solicitation, the Purchasing Manager becomes aware of such default.

F. Conflict of Interest, Use of Position, Solicitation

There are several sources of law and regulations, as they may be amended from time to time, that apply to conflicts of interest, use of position and solicitation. They are incorporated by reference and adopted as if fully stated herein.

a. City Charter

Article VIII ("Finance"), Section 16 ("Officers not to be Interested in City Contracts or Work") of the City of Franklin Charter reads as follows:

> No member of the Board of Mayor and Aldermen, or officer elected by said Board, shall be interested in any contract, or work of any kind whatever, under its control and direction, and any contract in which any such person shall have an interest shall be void and cannot be enforced.

b. City of Franklin Municipal Code

Title 1 ("General Administration"), Chapter 8 ("Ethics") of the City of Franklin Municipal Code sets forth the Code of Ethics for the City of Franklin, which applies to all full-time and part-time elective or appointed officials and employees of the City.

c. City of Franklin Regulations

Article XXI ("General Policies and Procedures"), Section E ("Business Dealings"), of the City of Franklin Human Resource Manual, as it may be amended from time to time, reads as follows:

> Except for the receipt of such compensation as may be lawfully provided for the performance of City duties, and except as noted below, no City officer or employee shall be privately interested in or profit, directly or indirectly, from business dealings with, of, or by the City.
>
> Full-time, part-time, and temporary employees of the City may contract to supply goods and products to the City and/or render services for the City, provided:
>
> 1. any service that would be rendered must not be one the employee might provide in the normal scope of their regular duties;

2. the employee would be required to compete for the City's business in the same manner as any other prospective supplier or service provider;
3. the business relationship between the City and the employee must not present a conflict of interest nor a conflict of time with the employee's regular duties;
4. the business relationship between the City and the employee is not prohibited by the City's ethics policy; and
5. the business relationship between the City and the employee is authorized in advance by the City Administrator, and if the relationship is to be for more than one (1) year, it is annually re-authorized by the City Administrator.

Article XXI ("General Policies and Procedures"), Section I ("Use of Position"), of the City of Franklin Human Resource Manual, as it may be amended from time to time, reads in part as follows:

> No employee shall make or attempt to make private purchases in the name of the City, nor otherwise use or attempt to use status as a City employee to secure unwarranted privileges or exemptions.

Article XXI ("General Policies and Procedures"), Section F ("Acceptance of Gratuities"), of the City's Human Resource Manual, as it may be amended from time to time, reads in part as follows:

> No employee shall accept or solicit any money or other consideration or favor from anyone other than the City for the performance of an act that the officer or employee would be required or expected to perform in the regular course of employment; nor shall any officer or employee accept, directly or indirectly, any gift, gratuity, or favor of any kind that might reasonably be an attempt to influence the individual's actions with respect to City business.

d. <u>Statutes</u>

Certain Tennessee statutes may apply to purchases involving city officers, committee members, etc. Selected Tennessee statutes may be found in Appendix A to this Purchasing Policy attached hereto for reference.

G. City Officer and Employee Communication with Vendors During Formal Procurement Solicitations for Sealed Submittals

Between the time a formal procurement solicitation for sealed submittals is issued by the City and the time an award is made, members of the Board of Mayor and Aldermen as well as employees of the City shall refrain from any form of communication with one or more vendors that may be competing for the award about any aspect of the procurement other than either in the context of a public meeting or by way of the Purchasing Office. The foregoing is not meant to preclude a representative of the City from answering questions from vendors if the question is already addressed in the formal solicitation documents, if the City representative is certain of the correct answer and if the Purchasing Office is informed of the communication. Otherwise, any inquiries from one or more vendors that may be competing for such an award shall be directed to the Purchasing Office which shall determine if an addendum to the formal procurement solicitation should be prepared and issued to all vendors known or thought to be interested in the procurement opportunity. Vendors that may be competing for an award pursuant to a formal procurement solicitation shall be instructed that, until that award has been made, they shall not communicate about either the content of or the procurement process pertaining to the relevant formal procurement solicitation with any official, employee or other representative of the City except through the City's Purchasing Office. The City reserves the right to disqualify any vendor that initiates unauthorized communication with the City during the procurement phase.

H. City Officer and Employee Business Dealings with the City

See Article XXI ("General Policies and Procedures"), Section E ("Business Dealings"), of the City of Franklin Human Resources Manual.

See also Title 1 ("General Administration"), Chapter 8 ("Ethics"), of the City of Franklin Municipal Code.

I. Tie Bids and Tie Quotes

Whenever the City utilizes its own competitive process, and in the event of tie bids or tie quotes (that is, when two or more responsible bidders or quoters submit responsive bids or quotes at identical total pricing for the minimum or estimated quantity indicated), then the tie bids or tie quotes shall be broken by means of one of the following methods, in descending order:

1. The award shall be made to the vendor who bid or quoted the soonest delivery of the product or completion of the service of all the vendors submitting the tie bids or tie quotes.
2. The award shall be made to the vendor who offered the pricing for the longest period of time for potential future orders of all the vendors submitting the tie bids or tie quotes.
3. If one or more of the vendors submitting the tie bids or tie quotes competed for the City's business the last time the City solicited bids or quotes for the same product or service, then the award shall be made to the vendor who offered the lowest pricing at that time of all the vendors submitting the tie bids or tie quotes.
4. If one or more of the vendors submitting the tie bid or tie quote have done business with the City within the most recent 24 months, then the award shall be made to the vendor who has done the most business with the City (measured in dollars) in that time frame of all the vendors submitting the tie bids or tie quotes.
5. The award shall be made by means of random selection, such method to be administered by the Purchasing Manager and to give equal opportunity to all the vendors submitting the tie bids or tie quotes.

J. Determining Responsible Respondents and Responsive Submittals

Whenever the City utilizes its own competitive process, products and services shall be purchased either from (a) the responsible bidder or quoter that submits the lowest priced responsive bid or quote or from (b) the responsible proposer or other respondent that submits the responsive proposal or other submittal that is most advantageous to the City. (The term "responsible bidder or quoter" and the term "responsible proposer or other respondent" shall mean a business entity or individual determined by the City to have the integrity and reliability as well as the financial and technical capacity to perform the requirements of the procurement solicitation and subsequent contract. The term "responsive bid or quote" and the term "responsive proposal or other submittal" shall mean a submittal determined by the City to fully conform in all material respects to the procurement solicitation and all of its requirements, including all form and substance.) In determining whether a competing respondent is responsible and whether the submittal is responsive, criteria such as the following may be taken into consideration:

1. The ability of the competing vendor to perform the contract or provide the material or service required.

2. Whether the competing vendor 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, expertise, and efficiency of the competing vendor.
4. The previous and existing compliance by the competing vendor or a predecessor in interest with laws and ordinances relating to the contract or service.
5. The quality of the competing vendor's performance of previous contracts or services, including the quality of such contracts or services in other municipalities, or performed for private sector customers.
6. The sufficiency of financial resources and the ability of the competing vendor to perform the contract or provide the service.
7. The ability of the competing vendor to provide future maintenance and service for the use of the materials, supplies, vehicles, equipment, or contractual service contracted.
8. Compliance by the competing vendor with all specifications included in the solicitation for bids or with all requirements included in the request for proposals or request for qualifications.
9. The ability of the competing vendor to deliver and maintain any requisite bid bonds or performance bonds.

K. Emergency Purchases

When in the judgment of the City Administrator, the department head or the Purchasing Manager there exists an emergency impinging on public health, safety or welfare and a purchase valued at or greater than $10,000 is necessary, then the competitive purchasing provisions contained in this Purchasing Policy may be waived; provided, however, that if the emergency purchase is valued at or greater than $25,000 it shall, as soon as practicable, be reported to the Board of Mayor and Aldermen.

The emergency basis for pricing should be used only if necessary. Purchases that qualify as emergencies are to be based on emergency pricing only if another policy-compliant basis for pricing (e.g., federal General Services Administration (GSA) via GSA contract, State of Tennessee via Tennessee statewide contract (SWC), one of the cooperative purchasing arrangements recognized by the City) is not known to be available. (See also provision D ("Circumstances under which competitive pricing is not required"), subsections 2 and 18, and provision Y, "Emergency policies and procedures.")

L. Sole-Source Purchases

In the context of this Policy, whenever any dollar thresholds are referenced, the estimated total value of the purchase or project, including all components related thereto, either over the course of the term of the award or, in the absence of a term of award, over the course of the next twelve (12) months, shall be considered. To the extent practicable, departments and the Purchasing Manager shall strive to apply procurement thresholds of the City by like product or service for all anticipated needs of the City for the maximum term of a prospective award.

The sole-source basis for pricing should be used only if necessary or financially advantageous to the City. Except when financially advantageous to the City to do otherwise, purchases that qualify as sole-source are to be based on sole-source pricing only if another policy-compliant basis for pricing (e.g., federal General Services Administration (GSA) via GSA contract, State of Tennessee via Tennessee statewide contract (SWC), one of the cooperative purchasing arrangements recognized by the City) is not known to be available.

Purchasing Policy

for City of Franklin procurements not pertaining to new construction

Sole-source purchases valued at less than $10,000 may be authorized by the end-user department. Sole-source purchases valued at less than $25,000 but not less than $10,000 may be authorized by the Purchasing Manager upon being satisfied that it is not possible to obtain competitive pricing quotations from at least three (3) vendors. Except as noted in this provision L ("Sole-Source Purchases"), sole-source purchases valued at or greater than $25,000 may not be made unless and until individually authorized by the Board of Mayor and Aldermen. Authorized sole-source purchases do not require sealed bids or proposals pursuant to public advertising. The criteria for evaluating sole-source purchases valued at or greater than $10,000 are presented in Appendix B to this Purchasing Policy. Sole-source purchases pertaining to circumstances under which sealed bids or proposals pursuant to public advertising are not required, as same are listed in provision D ("Circumstances under which competitive pricing is not required"), even if valued at or greater than $25,000, require neither individual authorization by nor specific reporting to the Board of Mayor and Aldermen unless otherwise required to be authorized or reported pursuant to this policy.

Sole-source purchases valued at or greater than $25,000 that do not require individual authorization by (but which shall, as soon as practicable, still be reported to) the Board of Mayor and Aldermen include:

a. Repairs to, maintenance of, licenses for and/or maintenance agreements for products already in use by the City, so long as the product manufacturer representative has stated in writing that the vendor is the sole source available to the City, and so long as the vendor has stated in writing that the quoted pricing is the lowest municipal unit pricing available at that time and in the foreseeable future for the quantity indicated. Examples: engine repairs made by the manufacturer or the manufacturer's representative for a vehicle; license and maintenance agreements for computer software.

b. Purchases of items necessary to maintain, expand or improve a manufacturer-specific system already in use by the City, and/or another governmental agency with which the City must cooperate in order to provide the public service relevant to the proposed purchase, and that requires interchangeability or interconnectivity of and/or communication between the component parts, so long as the product manufacturer representative has stated in writing that the vendor is the sole source available to the City, and so long as the vendor has stated in writing that the quoted pricing is the lowest municipal unit pricing available at that time and in the foreseeable future for the quantity indicated. Examples: water meters and related parts; traffic signal equipment and related parts; athletic field lighting (and related parts) connected to a centralized master control; automated external defibrillators; cardiac monitors; telemetry/supervisory control and data acquisition equipment.

c. Purchases of items that have, for good and sufficient reason, previously been standardized by the City, so long as the product manufacturer representative has stated in writing that the vendor is the sole source available to the City, and so long as the vendor has stated in writing that the quoted pricing is the lowest municipal unit pricing available at that time and in the foreseeable future for the quantity indicated. Examples: low-pressure wastewater collection grinder pumps and related parts; self-contained breathing apparatus; vehicle exhaust evacuation systems at individual fire stations, including installation if only one authorized installer is assigned to serve the City; vehicle extrication equipment.

M. Purchasing Card Program

The Purchasing Card Program shall be administered by the Purchasing Manager pursuant to procedures established therefor. Department heads shall determine which employees of their department shall be issued City purchasing cards. Employees who are authorized and expected to travel on behalf of the City and at the City's expense shall be issued purchasing cards and are expected to use same in lieu of being given travel advances.

Employees' participation in the City's Purchasing Card Program is a privilege and a convenience that includes certain responsibilities. Although the purchasing card is issued in the cardholder's name, it is City property and therefore must be used in accordance with City policy and rules, as well as with objectively reasonable judgment, especially as follows:

1. The City of Franklin Purchasing Card is provided to employees based on their need to purchase authorized goods and services. A card may be revoked at any time based on change of assignment or location. The card is neither an entitlement nor a reflection of title or position.
2. The card may be used only for authorized obligations of the City; use of the card for a purchase other than an authorized obligation of the City (such as personal purchases as well as alcoholic beverages and entertainment), even if intended for future reimbursement, are specifically prohibited.
3. Purchases made with the card are to comply with City purchasing and disbursements policies and procedures. Such City procurement rules as the need for procurement requisitions, the basis for pricing, contracting, whether a certificate of insurance is necessary to require of the service provider, adequacy of budgeted funding, and timing of payment relative to delivery of the product or service, all apply regardless of method of payment (such as by purchasing card).
4. The cardholder is the only person entitled to use the card and is accountable for all charges attributable to the card.
5. Cardholders are expected to exercise objectively reasonable judgment in deciding whether to make a purchase by considering (a) whether the potential purchase is prudent and necessary, and (b) whether the potential purchase would reflect well on the City and the cardholder, and be perceived by the general public as suitable and appropriate. Improper use of a City purchasing card, especially intentional and unreported but even unintentional and reported, including personal purchases as well as alcoholic beverages and entertainment, even if reimbursed, may be considered misappropriation of City funds, which may result in disciplinary action, up to and including termination.
6. Except for (a) purchases made outside Tennessee, (b) purchases of non-catered prepared meals, and (c) purchases related to travel, the City purchaser/cardholder is responsible for ensuring that the transaction is completed without sales tax being charged to the City. If a transaction has been completed on which sales tax was charged in error, then the cardholder is responsible for contacting the vendor and requesting that the amount of the sales tax be credited back to the same City purchasing card to which the sales tax was charged. Documentation of this effort, and of the vendor's response, shall be submitted in addition to the supporting documentation for the transaction.
7. Cardholders are expected to comply with internal control procedures in order to protect the City's assets. This includes (a) not permitting anyone other than the cardholder to use the card; (b) making sure that each transaction is electronically processed in full and on time in the purchasing card expense reporting system utilized by the City; (c) keeping and submitting on time detailed invoices or itemized payment receipts that substantiate each and every charge attributed to the purchasing card issued to the cardholder; (d) assisting the

City upon request with reconciling the City's billing cycle statements; and (e) taking reasonable precautions to secure the purchasing card against loss and/or theft.

8. If electronic processing of a purchasing card transaction is not completed by the deadline and the Purchasing Office has not been previously notified of the need for a delay, then the monthly credit limit for the respective purchasing card may be reduced to $0 until the processing is complete. This consequence applies to any transaction that has not been coded, explained with a comment, and approved by the individual assigned to approve purchasing card transactions for that cardholder. Credit limits will be restored to the previous amounts once electronic processing is complete.

9. Failure to submit on time adequate and legible supporting documentation for each transaction or to otherwise comply with City rules will carry consequences, possibly including reduction or loss of card spend authority, reimbursement of the City by the employee for unauthorized and/or unsubstantiated purchases, and/or disciplinary action, up to and including termination.

10. Cardholders are responsible for cooperating with efforts by the City to resolve any discrepancies by contacting the vendor and/or the issuing bank.

11. A lost or stolen purchasing card shall, as soon as practicable upon discovery of the loss or theft, be reported to the City Purchasing Office and/or the issuing bank.

12. A cardholder must surrender his or her card upon termination of employment (i.e., retirement or voluntary or involuntary separation).

N. Payment for Purchases

All payments to vendors and service providers shall be made by one of the City's available methods of payment in accordance with City purchasing and disbursements policies and procedures.

O. Use of Internet Auctions for Purchases of City Property

The use of internet auctions is generally prohibited as a method for making City purchases unless specifically authorized in advance by the City Administrator.

P. Vendor Protests

Vendor protests shall be handled in accordance with the City's Vendor Protest Procedure for procurements not pertaining to new construction, as approved by resolution of the Board of Mayor and Aldermen.

Q. Disciplinary Action

Any employee who fails or refuses to comply with the provisions of this Purchasing Policy shall be subject to disciplinary action pursuant to and as provided in the Human Resources Manual, as it may be amended from time to time.

R. Requests for Proposals

Requests for competitive sealed proposals shall be used pursuant to T.C.A. § 12-3-1207 and may be used only when qualifications, experience, or competence are more important than price in making the purchase, and either (1) when there is more than one (1) solution to a purchasing issue and competitive sealed proposals would assist in choosing the best solution; or (2) when there is no readily identifiable solution to a purchasing issue and competitive sealed proposals would assist in identifying one (1) or more solutions. The request for competitive sealed proposals shall state the relative importance of price and other evaluation factors. The award shall be made to the responsible respondent whose proposal the governing body determines is the most advantageous to the City, taking into consideration price and the evaluation factors set out in the request for competitive sealed proposals. No other factor may be used in the evaluation.

S. Requests for Qualifications

Requests for qualifications may be used pursuant to T.C.A. § 12-3-1209 for legal services, fiscal agent, financial advisor or advisory services and similar services by professional persons or groups of high ethical standards, or pursuant to T.C.A. § 12-4-107 for architectural, engineering and construction services.

T. Procurement of Property and/or Services under a Federal Award

When procuring property and/or services under a Federal award, the City shall follow applicable provisions of 2 CFR Chapter I and Chapter II, Part 200, et al. ("Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule"), as promulgated December 26, 2013 by Executive Office of the President, Office of Management and Budget, namely sections 200.318 ("General procurement standards") through 200.326 ("Contract provisions").

U. Requests to inspect and/or obtain either complete or partial copies of purchasing-related records

1. Sealed bids, requests received during protest period: After opening sealed bids submitted to and received by the City in response to a formal procurement solicitation for bids facilitated by the City Purchasing Office, but not later than the seventh calendar day after the City issues a notice of intent to award a pending procurement in response to such a procurement solicitation:
   a. Requests by an Interested Party (as that term is defined in the City's Vendor Protest Procedure) to inspect such bids shall be directed to and promptly honored by the City Purchasing Office at a time during normal business hours of the City Purchasing Office that is mutually convenient to both the City Purchasing Office and the requesting party.
   b. Requests other than by an Interested Party (as that term is defined in the City's Vendor Protest Procedure) to inspect, and requests by any party to obtain either complete or partial copies of such bids shall be made pursuant to the City's public records request policy and procedure.

2. Sealed proposals and statements of qualifications and certain related records, requests received during protest period: After the City issues a notice of intent to award a pending procurement as a result of a formal procurement solicitation facilitated by the City Purchasing Office and involving a personal service, professional service, or consultant service request for proposals or request for qualifications solicitation that resulted in proposals or statements of qualifications having been submitted to and received by the City, but not later than the seventh calendar day after the City issues such a notice of intent to award:
   a. Requests by an Interested Party (as that term is defined in the City's Vendor Protest Procedure) to inspect such proposals and statements of qualifications, and related records, including, but not limited to,

evaluations, names of evaluation committee members, and all related memoranda or notes, shall be directed to and promptly honored by the City Purchasing Office at a time during normal business hours of the City Purchasing Office that is mutually convenient to both the City Purchasing Office and the requesting party.

b. Requests other than by an Interested Party (as that term is defined in the City's Vendor Protest Procedure) to inspect, and requests by any party to obtain either complete or partial copies of such proposals and statements of qualifications, and related records, including, but not limited to, evaluations, names of evaluation committee members, and all related memoranda or notes, shall be made pursuant to the City's public records request policy and procedure.

3. Sealed submittals (except any that have been attached to a City contract that has been posted on the City's website), requests received after protest period: After the seventh calendar day after the City issues a notice of intent to award a pending procurement in response to a formal procurement solicitation facilitated by the City Purchasing Office, requests by any party to inspect and/or obtain either complete or partial copies of bids, proposals or other vendor submittals, except any such documents that have been attached to a City contract that has been posted on the City's website (see provision U ("Requests to inspect and/or obtain either complete or partial copies of purchasing-related records"), subsections 4.a and 4.b), shall be made pursuant to the City's public records request policy and procedure.

4. Other purchasing-related City records:

a. Other than between the date when the City releases a formal solicitation for sealed competitive submittal and the date when the sealed competitive submittal is due to be submitted and opened for any like product or service, for any purchasing-related City record that has already been posted on the City's website (e.g., contract, staff memorandum of recommendation, tabulation of bids, tabulation of proposals, tabulation of submittals in response to a City request for qualifications), requests by any party to inspect and/or obtain either complete or partial copies of such records shall be directed to and promptly honored by the City Purchasing Office at a time during normal business hours of the City Purchasing Office that is mutually convenient to both the City Purchasing Office and the requesting party, and so honoring such a request may but need not involve the use of the City's public records request policy and procedure.

b. Between the date when the City releases a formal solicitation for sealed competitive submittal and the date when the sealed competitive submittal is due to be submitted and opened for any like product or service, for any purchasing-related City record that has already been posted on the City's website (e.g., contract, staff memorandum of recommendation, tabulation of bids, tabulation of proposals, tabulation of submittals in response to a City request for qualifications), requests by any party to inspect and/or obtain either complete or partial copies of such records shall be directed to and promptly honored by the City Purchasing Office in accordance with fair practices (e.g., timely preparation and issuance of an addendum with the requested record(s) attached) established by the City Purchasing Office, and so honoring such a request shall not involve the use of the City's public records request policy and procedure.

c. At any time, for all purchasing-related City records other than those pertaining to a formal procurement solicitation facilitated by the City Purchasing Office, requests by any party to inspect and/or obtain either complete or partial copies of such records shall be made pursuant to the City's public records request policy and procedure.

V. Multiple-Contract Awards

When advantageous to the City to do so, the City may issue multiple-contract awards, that is, contracts awarded to more than one supplier and/or service provider for comparable supplies and/or services, provided the provisions of this policy and relevant City procurement procedures pertaining to competitively established pricing apply for the total value of all contracts issued for the multiple-contract award.

W. Donated or below-market-priced products or services

If in the judgment of the department head or city administrator a potential donation or a product or service otherwise priced below market would be a benefit to the City, then the City may receive donated or below-market-priced products, whether new or used, or services, provided:

1. The transaction complies with provisions of this policy and relevant City procurement procedures pertaining to competitively established pricing for the transaction value of the donation.
2. The transaction is documented, such as by purchase order or other contract.
3. The transaction documentation states:
    a. That the donation is offered free and clear to the City of Franklin, Tennessee without any expectation of any payment or service or any other consideration in return, including consideration for past or future procurements of or by the City.
    b. That the donor is not entitled to, and shall not seek, any marketing or advertising or promotional privilege or benefit as a result of the donation.

This section does not pertain to sponsorships or other advertising sold and/or received by the City.

X. Trade-ins

The Franklin Municipal Code provision pertaining to the disposal of surplus personal property of the City does not pertain to any trade-in of a product owned by the City toward the purchase of another product provided the purchase of the other product complies with the provisions of this policy and relevant City procurement procedures pertaining to competitively established pricing for the value of the purchase before the value of any trade-in is applied.

Y. Emergency policies and procedures

During a declared state of emergency that applies to the City, the City Administrator may suspend this Purchasing Policy and/or the Purchasing Manager may suspend standard purchasing procedures administered by the Purchasing Manager and implement temporary policies and procedures as circumstances warrant; provided, however, (a) that any suspension of this Purchasing Policy, the rationale for such suspension and any temporary policies shall, as soon as practicable, be reported to the Board of Mayor and Aldermen, and (b) that, to the extent practicable, any such temporary policies and procedures shall deviate from this Purchasing Policy and such standard purchasing procedures no more than necessary under the circumstances. (See also provision D (“Circumstances under which competitive pricing is not required”), subsections 2 and 18, and provision K, “Emergency Purchases.”)

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for City of Franklin procurements not pertaining to new construction

Z. Openings of sealed bids, proposals, or other submittals

Sealed bids, proposals or other submittals received pursuant to a formal procurement solicitation issued by the Purchasing Office and pursuant to public advertising, if valued at or greater than $25,000, shall be opened publicly and may be conducted either (1) in person only or (2) virtually only, by means of an online meeting application that includes both audio/video access via an internet link as well as audio-only access via telephone, rather than in person, or (3) both in person and virtually. How each opening is to be conducted shall be addressed in writing in the relevant procurement solicitation, including any addenda to the procurement solicitation that may be issued. Whenever the opening is conducted either virtually only or both in person and virtually, in order to reduce the opportunity for persons to use any online virtual meeting application as a means for disrupting the opening, the ability for persons attending virtually to be viewed and/or heard by other attendees of such opening may be restricted by, and granted only upon request approved by, the Purchasing Office.

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APPENDIX A
SELECTED TENNESSEE STATUTES APPLYING TO OFFICERS, COMMITTEE MEMBERS, ETC.

T.C.A. § 6-54-107. Interest of officer in municipal contracts prohibited.

a. No person holding office under any municipal corporation shall, during the time for which such person was elected or appointed, be capable of contracting with such corporation for the performance of any work that is to be paid for out of the treasury. Nor shall such person be capable of holding or having any other direct interest in such a contract. "Direct interest" means any contract with any business in which the official is the sole proprietor, a partner, or the person having the controlling interest. "Controlling interest" includes the individual with the ownership or control of the largest number of outstanding shares owned by any single individual or corporation.

b. No officer in a municipality shall be indirectly interested in any contract to which the municipality is a party unless the officer publicly acknowledges such officer's interest. "Indirectly interested" means any contract in which the officer is interested but not directly so, but includes contracts where the officer is directly interested but is the sole supplier of goods or services in a municipality.

c. 1. Any member of a local governing body of a municipality who is also an employee of the same municipality may vote on matters in which such member has a conflict of interest if the member informs the governing body immediately prior to the vote as follows: "Because I am an employee of (name of governmental unit), I have a conflict of interest in the proposal about to be voted. However, I declare that my argument and my vote answer only to my conscience and to my obligation to my constituents and the citizens this body represents."

2. In the event a member of a local governing body of a municipality has a conflict of interest in a matter to be voted upon by the body, the member may abstain for cause by announcing such to the presiding officer. Any member of a local governing body of a municipality who abstains from voting for cause on any issue coming to a vote before the body shall not be counted for the purpose of determining a majority vote.

3. The vote of any person having a conflict of interest who does not inform the governing body of such conflict as provided in subdivision (c)(1) shall be void if challenged in a timely manner. As used in this subdivision (c)(3), "timely manner" means during the same meeting at which the vote was cast and prior to the transaction of any further business by the body.

4. Nothing in this subsection (c) alters, amends, or otherwise affects § 12-4-101(a). In the event of any conflict between this subsection (c) and § 12-4-101(a), § 12-4-101(a) shall prevail.

5. The legislative body of any metropolitan form of government or charter form of government may opt out of this subsection (c) by resolution

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T.C.A. § 6-54-108. Penalty for unlawful interest of officer.

Every officer of such corporation who shall unlawfully be concerned in making such contract, or who shall unlawfully pay money upon the same to or for any person declared incapable in § 6-54-107, shall forfeit the amount so paid; and such officer shall be jointly and severally liable to an action for the same, which action may be prosecuted by any citizen of the corporation in its name.

T.C.A. § 12-4-101. Personal interest of officers prohibited.

(a) (1) It is unlawful for any officer, committee member, director, or other person whose duty it is to vote for, let out, overlook, or in any manner to superintend any work or any contract in which any municipal corporation, county, state, development district, utility district, human resource agency, or other political subdivision created by statute shall or may be interested, to be directly interested in any such contract. "Directly interested" means any contract with the official personally or with any business in which the official is the sole proprietor, a partner, or the person having the controlling interest. "Controlling interest" includes the individual with the ownership or control of the largest number of outstanding shares owned by any single individual or corporation. This subdivision (a)(1) shall not be construed to prohibit any officer, committee person, director, or any person, other than a member of a local governing body of a county or municipality, from voting on the budget, appropriation resolution, or tax rate resolution, or amendments thereto, unless the vote is on a specific amendment to the budget or a specific appropriation or resolution in which such person is directly interested.

….

(b) It is unlawful for any officer, committee member, director, or other person whose duty it is to vote for, let out, overlook, or in any manner to superintend any work or any contract in which any municipal corporation, county, state, development district, utility district, human resource agency, or other political subdivision created by statute shall or may be interested, to be indirectly interested in any such contract unless the officer publicly acknowledges such officer's interest. "Indirectly interested" means any contract in which the officer is interested but not directly so, but includes contracts where the officer is directly interested but is the sole supplier of goods or services in a municipality or county.

….

T.C.A. § 12-4-102. Penalty for unlawful interest.

Should any person, acting as such officer, committee member, director, or other person referred to in § 12-4-101, be or become directly or unlawfully indirectly interested in any such contract, such person shall forfeit all pay and compensation therefor. Such officer shall be dismissed from such office the officer then occupies, and be ineligible for the same or a similar position for ten (10) years.

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APPENDIX B
SOLE-SOURCE PURCHASES VALUED AT OR GREATER THAN $10,000

Sole-source purchases valued at or greater than $10,000 shall be made only when an item is unique and possesses specific characteristics that can be filled by only one source and must have prior approval by the Purchasing Manager or, if the purchase is valued at or greater than $25,000, then the Board of Mayor and Aldermen except as detailed in provision L, “Sole-Source Purchases.” In determining whether to authorize sole-source purchases valued at or greater than $10,000, factors such as the following shall be considered:

1. whether the vendor possesses exclusive and/or predominant capabilities or the item contains a patented feature providing a superior utility not obtainable from similar products;
2. whether the product or service is unique and easily established as one-of-a-kind;
3. whether the program requirements can be modified so that competitive products or services may be used;
4. whether the product is available from only one source and not merchandised through wholesalers, jobbers or retailers; and
5. whether items must be interchangeable or compatible with in-place items.

After review of the written justification from the requisitioning department and ascertaining that the item to be purchased meets one or several of the above criteria, and so long as the product manufacturer representative has stated in writing that the vendor is the sole source available to the City, and so long as the vendor has stated in writing that the quoted pricing is the lowest municipal unit pricing available at that time and in the foreseeable future for the quantity indicated, then, in lieu of competitive purchasing procedures, the Purchasing Manager shall either authorize the sole-source purchase or, if the purchase is valued at or greater than $25,000, then forward the request to the Board of Mayor and Aldermen for its consideration except as detailed in provision L, “Sole-Source Purchases.”

Based in part on Rule No. 0690-3-1-.03(3) of Rules of the Tennessee Department of General Services, Purchasing Division.

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Purchasing Policy

for City of Franklin procurements not pertaining to new construction

A. General Provisions

This City of Franklin ("City") Purchasing Policy shall apply to the purchase of materials, supplies, vehicles and equipment, the purchase of services other than those pertaining to the design and/or construction of new infrastructure and facilities, leases and lease-purchases, and the disposal and transfer of surplus personal property, all for the proper conduct of the City's business.

All contracts, leases and lease-purchase agreements are subject to the approval of the Board of Mayor and Aldermen, unless otherwise provided by resolution or ordinance. Any contracts, leases and lease-purchase agreements extending beyond the end of the current fiscal year shall be so noted prior to consideration by the Board of Mayor and Aldermen.

Whenever the City undertakes its own competitive procurement process for the procurement of goods and/or services not pertaining to the design and/or construction of new infrastructure and facilities, then the City is hereby authorized to utilize the one or more of the following procurement methodologies best suited for the intended procurement:

- request for quotations (not for purchases valued at $25,000 or more)
- solicitation for bids
- request for proposals
- request for qualifications

This Purchasing Policy is intended to promote the public interest and preserve and enhance the public trust by establishing a transparent procurement system by which the City conducts its non-construction related purchasing, and by providing vendors (including suppliers, service providers and contractors) with a fair forum for competing for City business.

B. Responsibilities of Departments

The following are the responsibility of each department:

1. Departments shall be responsible for purchases and projects valued less than $25,000. (In the context of this Policy, whenever any dollar thresholds are referenced, the estimated total value of the purchase or project, including all components related thereto, either over the course of the term of the award or, in the absence of a term of award, over the course of the next twelve (12) months, shall be considered.)
2. Departments shall use pricing established pursuant to City procurement awards or Tennessee statewide contracts (SWCs) if and as available. The use of pricing established by cooperative purchasing arrangements approved by the City Administrator for use by the City, as well as pricing established by other Tennessee local governments pursuant to a competitive process involving "public advertisement" (hereby defined to mean the same as that term is used in T.C.A. § 6-56-301 *et seq.*, the Tennessee Municipal Purchasing Law of 1983, as it may be amended from time to time) and sealed submittals, are acceptable alternatives and may be used in lieu of competitive pricing established by the City or the State.
3. Departments shall coordinate with the Purchasing Office and/or the Finance Department as to the method of payment that best meets the needs of the City.

4. Before placing an order for any non-emergency purchase valued at or greater than $10,000, departments shall prepare and submit a requisition, on the form prescribed by the Purchasing Office, and await approval thereof. For orders for emergency purchases valued at or greater than $10,000, the requisition may be completed within ten (10) calendar days after placing the order (~~and~~ see also provision D, “Circumstances under which competitive pricing is not required,” subsections 2 and 18, provision K, “Emergency Purchases,” and provision Y (“Emergency policies and procedures”) ~~below~~).
5. Purchases valued less than $25,000 but not less than $10,000 shall not be made unless and until, wherever possible, the department shall have obtained and forwarded to the Purchasing Manager competitive pricing quotations from at least three (3) vendors, said quotations to be either supplied in writing by the vendor or reduced to writing by the department, accompanied by a tabulation of the comparative aspects of the quotations obtained, a recommendation as to which quotation should be accepted and a requisition for the recommended quotation. As an alternative to obtaining three quotes, departments may use any of the procurement methodologies approved for usage for purchases valued at $25,000 or more.
6. All foreseeable purchases, including those valued less than $10,000, should not be made unless and until the department head or his or her authorized representative is satisfied that the value of the purchase is fairly priced and not more than what would be expected in the current market place. At the discretion of the department head or his or her authorized representative, for foreseeable purchases valued less than $10,000, the department should, whenever it is prudent to do so, obtain multiple competitive pricing quotations, said quotations to be either supplied in writing by the vendor or reduced to writing by the department.
7. As soon as practicable but within ten (10) calendar days of receipt of items ordered, departments shall be responsible for verifying that the items conform to the order. The process for taking delivery of items is as follows:
   - **a.** Inspect the goods to verify that they are in acceptable condition.
   - **b.** Verify that all operating manuals and warranty cards are included in the delivery of the goods, if applicable.
   - **c.** Verify that the number of items ordered have been delivered, making special note when all or part of a particular order has been back-ordered.
   - **d.** Ensure that purchases of capital assets of the City have been properly reported, either directly or indirectly, to the Finance Department and the City’s Risk Manager and, if rolling stock, Fleet Maintenance, on forms prescribed by those respective offices, so that records of such purchases may be updated, insurance coverage may be obtained, and vehicle tags may be obtained, all in a timely manner.
8. Regardless of method of payment, departments shall be responsible for reviewing, approving and allocating to the proper budget code all invoices authorized for payment.
9. It shall be the responsibility of each department to allow time for competitive solicitation, ordering and delivery pursuant to this Purchasing Policy.
10. No employee shall make any indication that he/she will recommend a particular product for purchase, knowingly bind the City to a specific vendor, or make any representation as to his or her authority to bind the City by contract when such is not the case.

C. Responsibilities of Purchasing Manager

The following are the responsibility of the Purchasing Manager:

1. The Purchasing Manager shall assist all departments in purchasing operating materials, supplies, vehicles, equipment and services to which this Purchasing Policy applies.

2. The Purchasing Manager shall be responsible for facilitating the competitive process by which all purchases to which this Purchasing Policy applies and valued at or greater than $25,000 are made.
3. For all purchases to which this Purchasing Policy applies and valued at or greater than $10,000, the Purchasing Manager shall advocate the purchase of required products and services only either from (a) the responsible bidder or quoter that submits the lowest priced responsive bid or quote or from (b) the responsible proposer or other respondent that submits the responsive proposal or other submittal that is most advantageous to the City.
4. The Purchasing Manager shall advise the departments about the source and availability of products and services needed by the various departments.
5. The Purchasing Manager shall provide current vendor files available for use and review by departments.
6. The Purchasing Manager shall, upon request, obtain prices on comparable items.
7. The Purchasing Manager shall provide vendor lists, prepare Purchase Orders as necessary, and maintain orderly files.
8. The Purchasing Manager shall be alert on an ongoing basis for new sources and for improved products and services.
9. The Purchasing Manager shall assist the departments in the preparation of specifications for solicitations for bids and the requirements provisions of requests for proposals and requests for qualifications.
10. For formal procurement solicitations, the Purchasing Manager shall prepare and submit for timely publication all legal notices. To promote competition and facilitate the dissemination of documents and information pertaining to formal procurement solicitations, the Purchasing Manager shall post on the City's public website timely information about current formal procurement solicitations.
11. The Purchasing Manager shall periodically review the City's recent records of repetitive purchases, over time, across the organization and across suppliers and service providers, of like products and services, and shall advocate the City consolidate and aggregate its purchase of as many foreseeably necessary like products and services as practicable so to improve pricing for the City, to improve services provided to the City, and/or to reduce the City's cost of operations.
12. To the extent practicable, the Purchasing Manager shall strive to apply procurement thresholds of the City by like product or service for all anticipated needs of the City for the maximum term of a prospective award.
13. The Purchasing Manager shall investigate complaints from departments of poor performance by vendors, or complaints about inferior products, and shall, in consultation with the City's Law Department, choose which, if any, remedies are available to the City to pursue.
14. The Purchasing Manager shall be responsible for disposing of the City's surplus personal property of any value, regardless of whether the property was acquired and came to be owned by the City by means of purchase or donation or otherwise, by means of a competitive process and in compliance with City ordinance, except in cases involving data security or other mitigating circumstances. The Purchasing Manager shall develop the appropriate documentation for the Finance Department in accordance with the City Code.
15. The Purchasing Manager shall be responsible for administering and overseeing the City's Purchasing Card program.
16. The Purchasing Manager shall be responsible for otherwise administering and complying with this Purchasing Policy and applicable Tennessee state law, specifically T.C.A. § 6-56-301 *et seq.* (Tennessee Municipal Purchasing Law of 1983) and T.C.A. § 12-3-1201 *et seq.* (Public Purchases – Local Governments), as it may be amended from time to time, including keeping and filing required records and reports, as if they were set out herein and made a part hereof and within definitions of words and phrases from the law as herein defined.

D. Circumstances under which competitive pricing is not required

Under any of the following circumstances, competitive pricing (sealed bids or proposals pursuant to public advertising if valued at or greater than $25,000; three quotes wherever possible if valued less than $25,000 but not less than $10,000) is not required. Under any of these same circumstances, neither individual authorization by nor specific reporting to the Board of Mayor and Aldermen is required unless such is otherwise required pursuant to this policy.

1. Authorized sole-source purchases (see ~~below~~provision L, "Sole-Source Purchases").
2. Authorized emergency expenditures (see ~~below~~provision K, "Emergency Purchases"; see also provision D ("Circumstances under which competitive pricing is not required"), subsection 18, and provision Y ("Emergency policies and procedures")).
3. Purchases from instrumentalities created by two (2) or more cooperating governments, such as, but not limited to those established pursuant to T.C.A. § 12-9-101, *et seq.* (Life Cycle Cost and Procurement Act of 1978).
4. Purchases from non-profit corporations whose purpose or one of whose purposes is to provide products and services specifically to municipalities, as provided in T.C.A. § 6-56-302.
5. Purchases, leases or lease-purchases of real property, as provided by City ordinance and state law.
6. Purchases, leases, or lease-purchases of used or secondhand articles consisting of goods, equipment, materials, supplies, or commodities, as provided in T.C.A. § 12-3-1202.
7. Purchases of supplies, goods, equipment (except new or unused motor vehicles, unless the motor vehicles are manufactured for a special purpose as defined in T.C.A. § 12-3-1208) and/or services (except any transportation infrastructure project, including, but not limited to, projects for the construction or improvement of streets, highways, bridges, tunnels, or any roadway related facility), pricing for which has been established by other units of Tennessee local government, as provided in T.C.A. § 12-3-1203(a) and 12-3-1203(c).
8. Purchases pursuant to Tennessee Department of General Services statewide contracts (SWCs) authorized for use by Tennessee local governments.
9. Purchases from Tennessee Rehabilitative Initiative in Correction (TRICOR).
10. Professional service contracts, as provided in T.C.A. § 12-3-1209.
11. Other professional services, including actuarial, architectural design, financial and compliance audit, engineering design, financial advisory, legal counsel and medical.
12. Tort liability insurance, as provided in T.C.A. § 29-20-407.
13. Purchase of fuels, fuel products or perishable commodities.
14. Purchases based on contracts established by a cooperative purchasing arrangement recognized by the City pursuant to Resolution No. 2009-50, as provided in T.C.A. § 12-3-1205.
15. Purchases based on contracts established by the United States General Services Administration (GSA) and authorized by GSA for use by US local governments, except as may be prohibited by applicable Tennessee statute.
16. Other arrangements and methods pursuant to Tennessee and/or federal law.
17. Fees paid by the City for products and services provided to the City by the State of Tennessee, other units of local government, and public utilities and utility districts.
18. Purchases made during a declared state of emergency that applies to the City but only if specific conditions prevent the establishment of competitive pricing; provided, however, that if the emergency purchase is valued at or greater than $25,000 both the purchase and the specific conditions that prevented the establishment of competitive pricing shall, as soon as practicable, be reported to the Board of Mayor and Aldermen (see also

provision D ("Circumstances under which competitive pricing is not required"), subsection 2, provision K, "Emergency Purchases"), and provision Y ("Emergency policies and procedures").

E. Rejection of Bids, Proposals or Other Submittals

The Purchasing Manager shall recommend to the Board of Mayor and Aldermen to reject any and all bids, proposals or other submittals received pursuant to a formal procurement solicitation issued by the Purchasing Office, or parts thereof, for any product or service to which this Policy applies, whenever, prior to the Board of Mayor and Aldermen making an award pursuant to such a formal procurement solicitation, the Purchasing Manager believes the public interest would be best served by such rejection. The Purchasing Manager shall recommend to the Board of Mayor and Aldermen that it reject any such submittal of a vendor or contractor who is in default on the payment of taxes, licenses, fees or other monies of whatever nature that may be due the City by the vendor or contractor whenever, prior to the Board of Mayor and Aldermen making an award pursuant to such a formal procurement solicitation, the Purchasing Manager becomes aware of such default.

F. Conflict of Interest, Use of Position, Solicitation

There are several sources of law and regulations, as they may be amended from time to time, that apply to conflicts of interest, use of position and solicitation. They are incorporated by reference and adopted as if fully stated herein.

a. City Charter

Article VIII ("Finance"), Section 16 ("Officers not to be Interested in City Contracts or Work") of the City of Franklin Charter reads as follows:

> No member of the Board of Mayor and Aldermen, or officer elected by said Board, shall be interested in any contract, or work of any kind whatever, under its control and direction, and any contract in which any such person shall have an interest shall be void and cannot be enforced.

b. City of Franklin Municipal Code

Title 1 ("General Administration"), Chapter 8 ("Ethics") of the City of Franklin Municipal Code sets forth the Code of Ethics for the City of Franklin, which applies to all full-time and part-time elective or appointed officials and employees of the City.

c. City of Franklin Regulations

Article XXI ("General Policies and Procedures"), Section E ("Business Dealings"), of the City of Franklin Human Resource Manual, as it may be amended from time to time, reads as follows:

> Except for the receipt of such compensation as may be lawfully provided for the performance of City duties, and except as noted below, no City officer or employee shall be privately interested in or profit, directly or indirectly, from business dealings with, of, or by the City.
>
> Full-time, part-time, and temporary employees of the City may contract to supply goods and products to the City and/or render services for the City, provided:
>
> 1. any service that would be rendered must not be one the employee might provide in the normal scope of their regular duties;

2. the employee would be required to compete for the City's business in the same manner as any other prospective supplier or service provider;
3. the business relationship between the City and the employee must not present a conflict of interest nor a conflict of time with the employee's regular duties;
4. the business relationship between the City and the employee is not prohibited by the City's ethics policy; and
5. the business relationship between the City and the employee is authorized in advance by the City Administrator, and if the relationship is to be for more than one (1) year, it is annually re-authorized by the City Administrator.

Article XXI ("General Policies and Procedures"), Section I ("Use of Position"), of the City of Franklin Human Resource Manual, as it may be amended from time to time, reads in part as follows:

> No employee shall make or attempt to make private purchases in the name of the City, nor otherwise use or attempt to use status as a City employee to secure unwarranted privileges or exemptions.

Article XXI ("General Policies and Procedures"), Section F ("Acceptance of Gratuities"), of the City's Human Resource Manual, as it may be amended from time to time, reads in part as follows:

> No employee shall accept or solicit any money or other consideration or favor from anyone other than the City for the performance of an act that the officer or employee would be required or expected to perform in the regular course of employment; nor shall any officer or employee accept, directly or indirectly, any gift, gratuity, or favor of any kind that might reasonably be an attempt to influence the individual's actions with respect to City business.

d. <u>Statutes</u>

Certain Tennessee statutes may apply to purchases involving city officers, committee members, etc. Selected Tennessee statutes may be found in Appendix A to this Purchasing Policy attached hereto for reference.

G. City Officer and Employee Communication with Vendors During Formal Procurement Solicitations for Sealed Submittals

Between the time a formal procurement solicitation for sealed submittals is issued by the City and the time an award is made, members of the Board of Mayor and Aldermen as well as employees of the City shall refrain from any form of communication with one or more vendors that may be competing for the award about any aspect of the procurement other than either in the context of a public meeting or by way of the Purchasing Office. The foregoing is not meant to preclude a representative of the City from answering questions from vendors if the question is already addressed in the formal solicitation documents, if the City representative is certain of the correct answer and if the Purchasing Office is informed of the communication. Otherwise, any inquiries from one or more vendors that may be competing for such an award shall be directed to the Purchasing Office which shall determine if an addendum to the formal procurement solicitation should be prepared and issued to all vendors known or thought to be interested in the procurement opportunity. Vendors that may be competing for an award pursuant to a formal procurement solicitation shall be instructed that, until that award has been made, they shall not communicate about either the content of or the procurement process pertaining to the relevant formal procurement solicitation with any official, employee or other representative of the City except through the City's Purchasing Office. The City reserves the right to disqualify any vendor that initiates unauthorized communication with the City during the procurement phase.

H. City Officer and Employee Business Dealings with the City

See Article ~~XXII~~ XXI (“General Policies and Procedures”), Section E (“Business Dealings”), of the City of Franklin Human Resources Manual.

See also Title 1 (“General Administration”), Chapter 8 (“Ethics”), of the City of Franklin Municipal Code.

I. Tie Bids and Tie Quotes

Whenever the City utilizes its own competitive process, and in the event of tie bids or tie quotes (that is, when two or more responsible bidders or quoters submit responsive bids or quotes at identical total pricing for the minimum or estimated quantity indicated), then the tie bids or tie quotes shall be broken by means of one of the following methods, in descending order:

1. The award shall be made to the vendor who bid or quoted the soonest delivery of the product or completion of the service of all the vendors submitting the tie bids or tie quotes.
2. The award shall be made to the vendor who offered the pricing for the longest period of time for potential future orders of all the vendors submitting the tie bids or tie quotes.
3. If one or more of the vendors submitting the tie bids or tie quotes competed for the City’s business the last time the City solicited bids or quotes for the same product or service, then the award shall be made to the vendor who offered the lowest pricing at that time of all the vendors submitting the tie bids or tie quotes.
4. If one or more of the vendors submitting the tie bid or tie quote have done business with the City within the most recent 24 months, then the award shall be made to the vendor who has done the most business with the City (measured in dollars) in that time frame of all the vendors submitting the tie bids or tie quotes.
5. The award shall be made by means of random selection, such method to be administered by the Purchasing Manager and to give equal opportunity to all the vendors submitting the tie bids or tie quotes.

J. Determining Responsible Respondents and Responsive Submittals

Whenever the City utilizes its own competitive process, products and services shall be purchased either from (a) the responsible bidder or quoter that submits the lowest priced responsive bid or quote or from (b) the responsible proposer or other respondent that submits the responsive proposal or other submittal that is most advantageous to the City. (The term “responsible bidder or quoter” and the term “responsible proposer or other respondent” shall mean a business entity or individual determined by the City to have the integrity and reliability as well as the financial and technical capacity to perform the requirements of the procurement solicitation and subsequent contract. The term “responsive bid or quote” and the term “responsive proposal or other submittal” shall mean a submittal determined by the City to fully conform in all material respects to the procurement solicitation and all of its requirements, including all form and substance.) In determining whether a competing respondent is responsible and whether the submittal is responsive, criteria such as the following may be taken into consideration:

1. The ability of the competing vendor to perform the contract or provide the material or service required.

2. Whether the competing vendor 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, expertise and efficiency of the competing vendor.
4. The previous and existing compliance by the competing vendor or a predecessor in interest with laws and ordinances relating to the contract or service.
5. The quality of the competing vendor's performance of previous contracts or services, including the quality of such contracts or services in other municipalities, or performed for private sector customers.
6. The sufficiency of financial resources and the ability of the competing vendor to perform the contract or provide the service.
7. The ability of the competing vendor to provide future maintenance and service for the use of the materials, supplies, vehicles, equipment or contractual service contracted.
8. Compliance by the competing vendor with all specifications included in the solicitation for bids or with all requirements included in the request for proposals or request for qualifications.
9. The ability of the competing vendor to deliver and maintain any requisite bid bonds or performance bonds.

K. Emergency Purchases

When in the judgment of the City Administrator, the department head or the Purchasing Manager there exists an emergency impinging on public health, safety or welfare and a purchase valued at or greater than $10,000 is necessary, then the competitive purchasing provisions contained in this Purchasing Policy may be waived; provided, however, that if the emergency purchase is valued at or greater than $25,000 it shall, as soon as practicable, be reported to the Board of Mayor and Aldermen.

The emergency basis for pricing should be used only if necessary. Purchases that qualify as emergencies are to be based on emergency pricing only if another policy-compliant basis for pricing (e.g., federal General Services Administration (GSA) via GSA contract, State of Tennessee via Tennessee statewide contract (SWC), one of the cooperative purchasing arrangements recognized by the City) is not known to be available. (See also provision D ("Circumstances under which competitive pricing is not required"), subsections 2 and 18, and provision Y, "Emergency policies and procedures.")

L. Sole-Source Purchases

In the context of this Policy, whenever any dollar thresholds are referenced, the estimated total value of the purchase or project, including all components related thereto, either over the course of the term of the award or, in the absence of a term of award, over the course of the next twelve (12) months, shall be considered. To the extent practicable, departments and the Purchasing Manager shall strive to apply procurement thresholds of the City by like product or service for all anticipated needs of the City for the maximum term of a prospective award.

The sole-source basis for pricing should be used only if necessary or financially advantageous to the City. Except when financially advantageous to the City to do otherwise, purchases that qualify as sole-source are to be based on sole-source pricing only if another policy-compliant basis for pricing (e.g., federal General Services Administration (GSA) via GSA contract, State of Tennessee via Tennessee statewide contract (SWC), one of the cooperative purchasing arrangements recognized by the City) is not known to be available.

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Sole-source purchases valued at less than $10,000 may be authorized by the end-user department. Sole-source purchases valued at less than $25,000 but not less than $10,000 may be authorized by the Purchasing Manager upon being satisfied that it is not possible to obtain competitive pricing quotations from at least three (3) vendors. Except as noted ~~below~~in this provision L ("Sole-Source Purchases"), sole-source purchases valued at or greater than $25,000 may not be made unless and until individually authorized by the Board of Mayor and Aldermen. Authorized sole-source purchases do not require sealed bids or proposals pursuant to public advertising. The criteria for evaluating sole-source purchases valued at or greater than $10,000 are presented in Appendix B to this Purchasing Policy. Sole-source purchases pertaining to circumstances under which sealed bids or proposals pursuant to public advertising are not required, as same are listed in provision D ("Circumstances under which competitive pricing is not required")~~above~~, even if valued at or greater than $25,000, require neither individual authorization by nor specific reporting to the Board of Mayor and Aldermen unless otherwise required to be authorized or reported pursuant to this policy.

Sole-source purchases valued at or greater than $25,000 that do not require individual authorization by (but which shall, as soon as practicable, still be reported to) the Board of Mayor and Aldermen include:

a. Repairs to, maintenance of, licenses for and/or maintenance agreements for products already in use by the City, so long as the product manufacturer representative has stated in writing that the vendor is the sole source available to the City, and so long as the vendor has stated in writing that the quoted pricing is the lowest municipal unit pricing available at that time and in the foreseeable future for the quantity indicated. Examples: engine repairs made by the manufacturer or the manufacturer's representative for a vehicle; license and maintenance agreements for computer software.

b. Purchases of items necessary to maintain, expand or improve a manufacturer-specific system already in use by the City, and/or another governmental agency with which the City must cooperate in order to provide the public service relevant to the proposed purchase, and that requires interchangeability or interconnectivity of and/or communication between the component parts, so long as the product manufacturer representative has stated in writing that the vendor is the sole source available to the City, and so long as the vendor has stated in writing that the quoted pricing is the lowest municipal unit pricing available at that time and in the foreseeable future for the quantity indicated. Examples: water meters and related parts; traffic signal equipment and related parts; athletic field lighting (and related parts) connected to a centralized master control; automated external defibrillators; cardiac monitors; telemetry/supervisory control and data acquisition equipment.

c. Purchases of items that have, for good and sufficient reason, previously been standardized by the City, so long as the product manufacturer representative has stated in writing that the vendor is the sole source available to the City, and so long as the vendor has stated in writing that the quoted pricing is the lowest municipal unit pricing available at that time and in the foreseeable future for the quantity indicated. Examples: low-pressure wastewater collection grinder pumps and related parts; self-contained breathing apparatus; vehicle exhaust evacuation systems at individual fire stations, including installation if only one authorized installer is assigned to serve the City; vehicle extrication equipment.

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M. Purchasing Card Program

The Purchasing Card Program shall be administered by the Purchasing Manager pursuant to procedures established therefor. Department heads shall determine which employees of their department shall be issued City purchasing cards. Employees who are authorized and expected to travel on behalf of the City and at the City's expense shall be issued purchasing cards and are expected to use same in lieu of being given travel advances.

Employees' participation in the City's Purchasing Card Program is a privilege and a convenience that includes certain responsibilities. Although the purchasing card is issued in the cardholder's name, it is City property and therefore must be used in accordance with City policy and rules, as well as with objectively reasonable judgment, especially as follows:

1. The City of Franklin Purchasing Card is provided to employees based on their need to purchase authorized goods and services. A card may be revoked at any time based on change of assignment or location. The card is neither an entitlement nor a reflection of title or position.
2. The card may be used only for authorized obligations of the City; use of the card for a purchase other than an authorized obligation of the City (such as personal purchases as well as alcoholic beverages and entertainment), even if intended for future reimbursement, are specifically prohibited.
3. Purchases made with the card are to comply with City purchasing and disbursements policies and procedures. Such City procurement rules as the need for procurement requisitions, the basis for pricing, contracting, whether a certificate of insurance is necessary to require of the service provider, adequacy of budgeted funding, and timing of payment relative to delivery of the product or service, all apply regardless of method of payment (such as by purchasing card).
4. The cardholder is the only person entitled to use the card and is accountable for all charges attributable to the card.
5. Cardholders are expected to exercise objectively reasonable judgment in deciding whether to make a purchase by considering (a) whether the potential purchase is prudent and necessary, and (b) whether the potential purchase would reflect well on the City and the cardholder, and be perceived by the general public as suitable and appropriate. Improper use of a City purchasing card, especially intentional and unreported but even unintentional and reported, including personal purchases as well as alcoholic beverages and entertainment, even if reimbursed, may be considered misappropriation of City funds, which may result in disciplinary action, up to and including termination.
6. Except for (a) purchases made outside Tennessee, (b) purchases of non-catered prepared meals, and (c) purchases related to travel, the City purchaser/cardholder is responsible for ensuring that the transaction is completed without sales tax being charged to the City. If a transaction has been completed on which sales tax was charged in error, then the cardholder is responsible for contacting the vendor and requesting that the amount of the sales tax be credited back to the same City purchasing card to which the sales tax was charged. Documentation of this effort, and of the vendor's response, shall be submitted in addition to the supporting documentation for the transaction.
7. Cardholders are expected to comply with internal control procedures in order to protect the City's assets. This includes (a) not permitting anyone other than the cardholder to use the card; (b) making sure that each transaction is electronically processed in full and on time in the purchasing card expense reporting system utilized by the City; (c) keeping and submitting on time detailed invoices or itemized payment receipts that substantiate each and every charge attributed to the purchasing card issued to the cardholder; (d) assisting the

City upon request with reconciling the City's billing cycle statements; and (e) taking reasonable precautions to secure the purchasing card against loss and/or theft.

8. If electronic processing of a purchasing card transaction is not completed by the deadline and the Purchasing Office has not been previously notified of the need for a delay, then the monthly credit limit for the respective purchasing card may be reduced to $0 until the processing is complete. This consequence applies to any transaction that has not been coded, explained with a comment, and approved by the individual assigned to approve purchasing card transactions for that cardholder. Credit limits will be restored to the previous amounts once electronic processing is complete.
9. Failure to submit on time adequate and legible supporting documentation for each transaction or to otherwise comply with City rules will carry consequences, possibly including reduction or loss of card spend authority, reimbursement of the City by the employee for unauthorized and/or unsubstantiated purchases, and/or disciplinary action, up to and including termination.
10. Cardholders are responsible for cooperating with efforts by the City to resolve any discrepancies by contacting the vendor and/or the issuing bank.
11. A lost or stolen purchasing card shall, as soon as practicable upon discovery of the loss or theft, be reported to the City Purchasing Office and/or the issuing bank.
12. A cardholder must surrender his or her card upon termination of employment (i.e., retirement or voluntary or involuntary separation).

N. Payment for Purchases

All payments to vendors and service providers shall be made by one of the City's available methods of payment in accordance with City purchasing and disbursements policies and procedures.

O. Use of Internet Auctions for Purchases of City Property

The use of internet auctions is generally prohibited as a method for making City purchases unless specifically authorized in advance by the City Administrator.

P. Vendor Protests

Vendor protests shall be handled in accordance with the City's Vendor Protest Procedure for procurements not pertaining to new construction, as approved by resolution of the Board of Mayor and Aldermen.

Q. Disciplinary Action

Any employee who fails or refuses to comply with the provisions of this Purchasing Policy shall be subject to disciplinary action pursuant to and as provided in the Human Resources Manual, as it may be amended from time to time.

R. Requests for Proposals

Requests for competitive sealed proposals shall be used pursuant to T.C.A. § 12-3-1207 and may be used only when qualifications, experience, or competence are more important than price in making the purchase, and either (1) when there is more than one (1) solution to a purchasing issue and competitive sealed proposals would assist in choosing the best solution; or (2) when there is no readily identifiable solution to a purchasing issue and competitive sealed proposals would assist in identifying one (1) or more solutions. The request for competitive sealed proposals shall state the relative importance of price and other evaluation factors. The award shall be made to the responsible respondent whose proposal the governing body determines is the most advantageous to the City, taking into consideration price and the evaluation factors set out in the request for competitive sealed proposals. No other factor may be used in the evaluation.

S. Requests for Qualifications

Requests for qualifications may be used pursuant to T.C.A. § 12-3-1209 for legal services, fiscal agent, financial advisor or advisory services and similar services by professional persons or groups of high ethical standards, or pursuant to T.C.A. § 12-4-107 for architectural, engineering and construction services.

T. Procurement of Property and/or Services under a Federal Award

When procuring property and/or services under a Federal award, the City shall follow applicable provisions of 2 CFR Chapter I and Chapter II, Part 200, et al. ("Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule"), as promulgated December 26, 2013 by Executive Office of the President, Office of Management and Budget, namely sections 200.318 ("General procurement standards") through 200.326 ("Contract provisions").

U. Requests to inspect and/or obtain either complete or partial copies of purchasing-related records

1. Sealed bids, requests received during protest period: After opening sealed bids submitted to and received by the City in response to a formal procurement solicitation for bids facilitated by the City Purchasing Office, but not later than the seventh calendar day after the City issues a notice of intent to award a pending procurement in response to such a procurement solicitation:
   a. Requests by an Interested Party (as that term is defined in the City's Vendor Protest Procedure) to inspect such bids shall be directed to and promptly honored by the City Purchasing Office at a time during normal business hours of the City Purchasing Office that is mutually convenient to both the City Purchasing Office and the requesting party.
   b. Requests other than by an Interested Party (as that term is defined in the City's Vendor Protest Procedure) to inspect, and requests by any party to obtain either complete or partial copies of such bids shall be made pursuant to the City's public records request policy and procedure.

2. Sealed proposals and statements of qualifications and certain related records, requests received during protest period: After the City issues a notice of intent to award a pending procurement as a result of a formal procurement solicitation facilitated by the City Purchasing Office and involving a personal service, professional service, or consultant service request for proposals or request for qualifications solicitation that resulted in proposals or statements of qualifications having been submitted to and received by the City, but not later than the seventh calendar day after the City issues such a notice of intent to award:
   a. Requests by an Interested Party (as that term is defined in the City's Vendor Protest Procedure) to inspect such proposals and statements of qualifications, and related records, including, but not limited to,

evaluations, names of evaluation committee members, and all related memoranda or notes, shall be directed to and promptly honored by the City Purchasing Office at a time during normal business hours of the City Purchasing Office that is mutually convenient to both the City Purchasing Office and the requesting party.

b. Requests other than by an Interested Party (as that term is defined in the City's Vendor Protest Procedure) to inspect, and requests by any party to obtain either complete or partial copies of such proposals and statements of qualifications, and related records, including, but not limited to, evaluations, names of evaluation committee members, and all related memoranda or notes, shall be made pursuant to the City's public records request policy and procedure.

3. Sealed submittals (except any that have been attached to a City contract that has been posted on the City's website), requests received after protest period: After the seventh calendar day after the City issues a notice of intent to award a pending procurement in response to a formal procurement solicitation facilitated by the City Purchasing Office, requests by any party to inspect and/or obtain either complete or partial copies of bids, proposals or other vendor submittals, except any such documents that have been attached to a City contract that has been posted on the City's website (see provision U ("Requests to inspect and/or obtain either complete or partial copies of purchasing-related records"), subsections 4.a and 4.b~~below~~), shall be made pursuant to the City's public records request policy and procedure.

4. Other purchasing-related City records:

a. Other than between the date when the City releases a formal solicitation for sealed competitive submittal and the date when the sealed competitive submittal is due to be submitted and opened for any like product or service, for any purchasing-related City record that has already been posted on the City's website (e.g., contract, staff memorandum of recommendation, tabulation of bids, tabulation of proposals, tabulation of submittals in response to a City request for qualifications), requests by any party to inspect and/or obtain either complete or partial copies of such records shall be directed to and promptly honored by the City Purchasing Office at a time during normal business hours of the City Purchasing Office that is mutually convenient to both the City Purchasing Office and the requesting party, and so honoring such a request may but need not involve the use of the City's public records request policy and procedure.

b. Between the date when the City releases a formal solicitation for sealed competitive submittal and the date when the sealed competitive submittal is due to be submitted and opened for any like product or service, for any purchasing-related City record that has already been posted on the City's website (e.g., contract, staff memorandum of recommendation, tabulation of bids, tabulation of proposals, tabulation of submittals in response to a City request for qualifications), requests by any party to inspect and/or obtain either complete or partial copies of such records shall be directed to and promptly honored by the City Purchasing Office in accordance with fair practices (e.g., timely preparation and issuance of an addendum with the requested record(s) attached) established by the City Purchasing Office, and so honoring such a request shall not involve the use of the City's public records request policy and procedure.

c. At any time, for all purchasing-related City records other than those pertaining to a formal procurement solicitation facilitated by the City Purchasing Office, requests by any party to inspect and/or obtain either complete or partial copies of such records shall be made pursuant to the City's public records request policy and procedure.

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V. Multiple-Contract Awards

When advantageous to the City to do so, the City may issue multiple-contract awards, that is, contracts awarded to more than one supplier and/or service provider for comparable supplies and/or services, provided the provisions of this policy and relevant City procurement procedures pertaining to competitively established pricing apply for the total value of all contracts issued for the multiple-contract award.

W. Donated or below-market-priced products or services

If in the judgment of the department head or city administrator a potential donation or a product or service otherwise priced below market would be a benefit to the City, then the City may receive donated or below-market-priced products, whether new or used, or services, provided:

1. The transaction complies with provisions of this policy and relevant City procurement procedures pertaining to competitively established pricing for the transaction value of the donation.
2. The transaction is documented, such as by purchase order or other contract.
3. The transaction documentation states:
    a. That the donation is offered free and clear to the City of Franklin, Tennessee without any expectation of any payment or service or any other consideration in return, including consideration for past or future procurements of or by the City.
    b. That the donor is not entitled to, and shall not seek, any marketing or advertising or promotional privilege or benefit as a result of the donation.

This section does not pertain to sponsorships or other advertising sold and/or received by the City.

X. Trade-ins

The Franklin Municipal Code provision pertaining to the disposal of surplus personal property of the City does not pertain to any trade-in of a product owned by the City toward the purchase of another product provided the purchase of the other product complies with the provisions of this policy and relevant City procurement procedures pertaining to competitively established pricing for the value of the purchase before the value of any trade-in is applied.

Y. Emergency policies and procedures

During a declared state of emergency that applies to the City, the City Administrator may suspend this Purchasing Policy and/or the Purchasing Manager may suspend standard purchasing procedures administered by the Purchasing Manager and implement temporary policies and procedures as circumstances warrant; provided, however, (a) that any suspension of this Purchasing Policy, the rationale for such suspension and any temporary policies shall, as soon as practicable, be reported to the Board of Mayor and Aldermen, and (b) that, to the extent practicable, any such temporary policies and procedures shall deviate from this Purchasing Policy and such standard purchasing procedures no more than necessary under the circumstances. (See also provision D ("Circumstances under which competitive pricing is not required"), subsections 2 and 18, and provision K, "Emergency Purchases.")

Z. Openings of sealed bids, proposals or other submittals

Sealed bids, proposals or other submittals received pursuant to a formal procurement solicitation issued by the Purchasing Office and pursuant to public advertising, if valued at or greater than $25,000, shall be opened publicly and may be conducted either (1) in person only or (2) virtually only, by means of an online meeting application that includes both audio/video access via an internet link as well as audio-only access via telephone, rather than in person, or (3) both in person and virtually. How each opening is to be conducted shall be addressed in writing in the relevant procurement solicitation, including any addenda to the procurement solicitation that may be issued. Whenever the opening is conducted either virtually only or both in person and virtually, in order to reduce the opportunity for persons to use any online virtual meeting application as a means for disrupting the opening, the ability for persons attending virtually to be viewed and/or heard by other attendees of such opening may be restricted by, and granted only upon request approved by, the Purchasing Office.

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APPENDIX A
SELECTED TENNESSEE STATUTES APPLYING TO OFFICERS, COMMITTEE MEMBERS, ETC.

T.C.A. § 6-54-107. Interest of officer in municipal contracts prohibited.

a. No person holding office under any municipal corporation shall, during the time for which such person was elected or appointed, be capable of contracting with such corporation for the performance of any work that is to be paid for out of the treasury. Nor shall such person be capable of holding or having any other direct interest in such a contract. "Direct interest" means any contract with any business in which the official is the sole proprietor, a partner, or the person having the controlling interest. "Controlling interest" includes the individual with the ownership or control of the largest number of outstanding shares owned by any single individual or corporation.

b. No officer in a municipality shall be indirectly interested in any contract to which the municipality is a party unless the officer publicly acknowledges such officer's interest. "Indirectly interested" means any contract in which the officer is interested but not directly so, but includes contracts where the officer is directly interested but is the sole supplier of goods or services in a municipality.

c. 1. Any member of a local governing body of a municipality who is also an employee of the same municipality may vote on matters in which such member has a conflict of interest if the member informs the governing body immediately prior to the vote as follows: "Because I am an employee of (name of governmental unit), I have a conflict of interest in the proposal about to be voted. However, I declare that my argument and my vote answer only to my conscience and to my obligation to my constituents and the citizens this body represents."

2. In the event a member of a local governing body of a municipality has a conflict of interest in a matter to be voted upon by the body, the member may abstain for cause by announcing such to the presiding officer. Any member of a local governing body of a municipality who abstains from voting for cause on any issue coming to a vote before the body shall not be counted for the purpose of determining a majority vote.

3. The vote of any person having a conflict of interest who does not inform the governing body of such conflict as provided in subdivision (c)(1) shall be void if challenged in a timely manner. As used in this subdivision (c)(3), "timely manner" means during the same meeting at which the vote was cast and prior to the transaction of any further business by the body.

4. Nothing in this subsection (c) alters, amends, or otherwise affects § 12-4-101(a). In the event of any conflict between this subsection (c) and § 12-4-101(a), § 12-4-101(a) shall prevail.

5. The legislative body of any metropolitan form of government or charter form of government may opt out of this subsection (c) by resolution

Purchasing Policy

for City of Franklin procurements not pertaining to new construction

T.C.A. § 6-54-108. Penalty for unlawful interest of officer.

Every officer of such corporation who shall unlawfully be concerned in making such contract, or who shall unlawfully pay money upon the same to or for any person declared incapable in § 6-54-107, shall forfeit the amount so paid; and such officer shall be jointly and severally liable to an action for the same, which action may be prosecuted by any citizen of the corporation in its name.

T.C.A. § 12-4-101. Personal interest of officers prohibited.

(a) (1) It is unlawful for any officer, committee member, director, or other person whose duty it is to vote for, let out, overlook, or in any manner to superintend any work or any contract in which any municipal corporation, county, state, development district, utility district, human resource agency, or other political subdivision created by statute shall or may be interested, to be directly interested in any such contract. "Directly interested" means any contract with the official personally or with any business in which the official is the sole proprietor, a partner, or the person having the controlling interest. "Controlling interest" includes the individual with the ownership or control of the largest number of outstanding shares owned by any single individual or corporation. This subdivision (a)(1) shall not be construed to prohibit any officer, committee person, director, or any person, other than a member of a local governing body of a county or municipality, from voting on the budget, appropriation resolution, or tax rate resolution, or amendments thereto, unless the vote is on a specific amendment to the budget or a specific appropriation or resolution in which such person is directly interested.

….

(b) It is unlawful for any officer, committee member, director, or other person whose duty it is to vote for, let out, overlook, or in any manner to superintend any work or any contract in which any municipal corporation, county, state, development district, utility district, human resource agency, or other political subdivision created by statute shall or may be interested, to be indirectly interested in any such contract unless the officer publicly acknowledges such officer's interest. "Indirectly interested" means any contract in which the officer is interested but not directly so, but includes contracts where the officer is directly interested but is the sole supplier of goods or services in a municipality or county.

….

T.C.A. § 12-4-102. Penalty for unlawful interest.

Should any person, acting as such officer, committee member, director, or other person referred to in § 12-4-101, be or become directly or unlawfully indirectly interested in any such contract, such person shall forfeit all pay and compensation therefor. Such officer shall be dismissed from such office the officer then occupies, and be ineligible for the same or a similar position for ten (10) years.

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TENNESSEE

Purchasing Policy

for City of Franklin procurements not pertaining to new construction

APPENDIX B
SOLE-SOURCE PURCHASES VALUED AT OR GREATER THAN $10,000

Sole-source purchases valued at or greater than $10,000 shall be made only when an item is unique and possesses specific characteristics that can be filled by only one source and must have prior approval by the Purchasing Manager or, if the purchase is valued at or greater than $25,000, then the Board of Mayor and Aldermen except as detailed ~~above (see~~ in provision L, "Sole-Source Purchases." ~~).~~ In determining whether to authorize sole-source purchases valued at or greater than $10,000, factors such as the following shall be considered:

1. whether the vendor possesses exclusive and/or predominant capabilities or the item contains a patented feature providing a superior utility not obtainable from similar products;
2. whether the product or service is unique and easily established as one-of-a-kind;
3. whether the program requirements can be modified so that competitive products or services may be used;
4. whether the product is available from only one source and not merchandised through wholesalers, jobbers or retailers; and
5. whether items must be interchangeable or compatible with in-place items.

After review of the written justification from the requisitioning department and ascertaining that the item to be purchased meets one or several of the above criteria, and so long as the product manufacturer representative has stated in writing that the vendor is the sole source available to the City, and so long as the vendor has stated in writing that the quoted pricing is the lowest municipal unit pricing available at that time and in the foreseeable future for the quantity indicated, then, in lieu of competitive purchasing procedures, the Purchasing Manager shall either authorize the sole-source purchase or, if the purchase is valued at or greater than $25,000, then forward the request to the Board of Mayor and Aldermen for its consideration except as detailed ~~above (see~~ in provision L, "Sole-Source Purchases." ~~).~~

Based in part on Rule No. 0690-3-1-.03(3) of Rules of the Tennessee Department of General Services, Purchasing Division.

DRAFT

RESOLUTION 2021-96

TO BE ENTITLED: "A RESOLUTION TO ADOPT CITY OF FRANKLIN LEASE ACCOUNTING AND REPORTING POLICY"

WHEREAS, the City of Franklin desires to follow best financial and compliance practices for implementing Governmental Accounting Standards Board (GASB) Statement 87, Leases, effective beginning fiscal year 2022; and

WHEREAS, the City of Franklin desires to provide City-wide guidance; and

WHEREAS, the Board of Mayor and Aldermen believes it is in the best interest of the citizens of the City of Franklin to implement a lease accounting and reporting policy.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN OF FRANKLIN, TENNESSEE, that the Lease Accounting and Reporting Policy shall be adopted as follows:

Section 1. The policy shall be adopted as shown in Exhibit A.

Section 2. BE IT FINALLY RESOLVED that this resolution shall take effect from ___________, 2021, the health, safety, and welfare of the citizens requiring it.

IT IS SO RESOLVED AND DONE on this _____ day of ________________, 2021.

ATTEST:

By: _________________________
Eric S. Stuckey
City Administrator

CITY OF FRANKLIN, TENNESSEE:

By: _________________________
Dr. Ken Moore
Mayor

Approved as to form:

By: ____________________________
Shauna R. Billingsley, City Attorney

CITY OF FRANKLIN

Lease Accounting and Reporting Policy DRAFT

Exhibit A

1. PURPOSE

To implement new accounting and reporting requirements for government leases in accordance with Governmental Accounting Standards Board (GASB) Statement 87, Leases, effective beginning fiscal year 2022. In the statement, leases are no longer classified as operating or capital leases.

2. LEASES OF ASSETS

Leases are agreements between the owner of an asset (lessor) and a payor (lessee) for use of the asset over a period of time. The City may be the lessor or lessee in these agreements. This policy applies to leases of land, building, vehicles, or equipment, which are included in the new requirements. Leases of software and leases that transfer ownership of the asset, which are not included in the new requirements, are not included in this policy.

3. LEASE PERIOD

This policy applies to lease agreements of more than 1 year.

4. LEASE AGREEMENT REQUIRED TERMS

a. Description of lease specifying the rights to assets provided or given.
b. Name of lessor and lessee (for City, include department name if applicable)
c. Describe land, buildings, vehicles, or equipment asset(s) being leased, including asset identifiers (address, VIN, serial number, etc.) if applicable.
d. Resolution and/or contract number the lease was approved.
e. Date the lease was approved.
f. Date a pre-lease payment is due (prior to start of lease).
g. Pre-lease payment amount due (prior to start of lease).
h. Lease start date (date rights to use asset occur).
i. Initial lease end date.
j. Extended lease end date if applicable.
k. Frequency of lease payments.
l. Due dates of payments (to determine if payments are paid at beginning or at end of a payment period)
m. Portion of total payment that is for maintenance of asset in lieu of lease of asset.
n. Payment escalator (percent, CPI, or amount increase in the lease payments during the lease term)
o. The interest rate (discount rate) the lessor charges the lessee.

5. INTEREST RATE (DISCOUNT RATE)

If the interest rate is not stated by the lessor, the Finance Department will determine the appropriate interest rate (discount rate) based on the lessee's estimated incremental borrowing rate.

6. ACCOUNTING FOR LEASES IF LESSOR

If the City is the lessor, the Finance Department will calculate the following:

a. Deferred Inflows. This matches the Initial Lease Asset Value (lease payments +/- pre-lease payment made) on the lessee side.
b. Lease Receivable. This matches the Lease Liability (present value of lease payments) on the lessee side.
c. Lease Revenue. This matches the Depreciation Expense (straight-line annual reduction of Asset Value) on the lessee side, and
d. Interest Revenue. This matches the Interest Expense (time value of money included in each lease payment) on the lessee side.

7. ACCOUNTING FOR LEASES IF LESSEE

If the City is the lessee, the Finance Department will calculate the following:

a. Initial Lease Asset Value (lease payments +/- pre-lease payment made)
b. Lease Liability (present value of lease payments)
c. Depreciation Expense (straight-line annual reduction of Asset Value), and
d. Interest Expense (time value of money included in each lease payment)

8. ANNUAL REPORTING OF LEASES

The calculated amounts will be reported in the government-wide or proprietary fund statements in the City's Comprehensive Annual Financial Report (CAFR). There is no impact on the fund financials used for budgeting.

9. PERIODIC REPORTING OF LEASES

Finance will periodically submit reports of outstanding leases to the City Administrator as well as to the Budget & Finance Committee of the Board of Mayor and Aldermen.

10. ADDITIONAL LEASE TERMS

The City may include additional terms in a lease agreement not listed above.

CITY OF FRANKLIN LEASE AGREEMENTS OF MORE THAN 1 YEAR *DRAFT*								
Count	**LESSOR (owner)**	**LESSEE (payor)**	**DEPT**	**ASSET**	**ASSET DESCRIPTION**	**ASSET IDENTIFIER**	**RESOLUTION/CONTRACT**	**APPROVAL DATE**
1	City of Franklin	Williamson Medical Center	Fire	Building	Use of space in Fire Station 2 for Emergency Systems Management	903 Murfreesboro Road	no # assigned	2/24/2003
2	City of Franklin	Franklin Transit Authority	Transit	Equipment	Transit Vehicles	Various	no # assigned	9/12/2006
3	City of Franklin	TMA Group	Transit	Building	Transit Building	708 Columbia Avenue	no # assigned	1/9/2007
4	City of Franklin	Clearwire Wireless	IT	Equipment	Fieldstone Park Telecommunications Tower	Fieldstone Park	Contract 2010-0030	10/26/2010
5	City of Franklin	First Bank	Facilities	Building	5 Points Building	510 Columbia Ave	Contract 2012-0204	2/12/2013
6	City of Franklin	Friends of Franklin Parks, Inc.	Parks	Land	Harlinsdale Farm Equestrian Arena	239 Franklin Road	Contract 2014-0281	11/25/2014
7	City of Franklin	TA Solar (assigned from Energy Source Partners)	Wastewater	Land	1 MW solar project	135 Claude Yates	Contract 2013-0137	12/23/2015
8	City of Franklin	Williamson County Government	Parks	Land	Fieldstone Park Softball Complex	1377 Hillsboro Rd	Contract 2016-0011	2/23/2016
9	City of Franklin	Franklin Cowboys	Parks	Land	Jim Warren Football Area	Jim Warren Park	Contract 2016-0088	3/14/2017
10	City of Franklin	Williamson County Youth Athletic Association	Parks	Land	Jim Warren & Liberty Park Baseball Fields	705 Boyd Mill / 2080 Turning Wheel	Contract 2016-0089	3/14/2017
11	City of Franklin	Pull-Tight Players	Facilities	Building	Pull-Tight Theatre	112 2nd Ave S	Contract 2014-0016	3/27/2018
12	FSSD	City of Franklin	Parks	Facilities	Joint Use Agreement	Freedom Middle School, Poplar Middle and Elementary Schools- Phase I Baseball & Softball Fields Renovation; Track & Field Elements and Restroom/Concession Stand Structure	Contract 2018-0191	9/25/2018
13	City of Franklin	TN Recreation and Parks Association	Parks	Building and Land	Parks Dept Trailer & Adjacent Parking Lot	718 Boyd Mill	Contract 2020-0054	5/26/2020
14	City of Franklin	Williamson County	IT	Equipment	Fiber Network	Access at AG Expo Park, Franklin Recreation Complex, Fire Station 7 EMS, Williamson Medical Center, and Williamson County Archives and Museum	Contract 2020-0122	6/9/2020
15	City of Franklin	Friends of Franklin Parks, Inc.	Parks	Land	Event Spaces at The Park at Harlinsdale Farm	239 Franklin Road	Contract 2020-0244	1/26/2021

City of Franklin

109 3rd Ave S.
Franklin, TN 37064
(615) 791-3217

File #: 21-02069

DATE: May 14, 2021

TO: Budget & Finance Committee

FROM: Mike Lowe, Comptroller

SUBJECT:

Report Of Internal Control Documentation Updates

PURPOSE:

The purpose of this memorandum is to provide information to the Franklin Board of Mayor and Aldermen (BOMA) concerning updates to the City's Internal Control Documentation. In 2020, BOMA approved (Resolution 2020-105) for the City Administrator to make updates so that the documentation remains consistent with policies and other approved changes. Prior to asking the City Administrator to approve, this item is to report to the Committee the recommended updates for fiscal year 2021. Upon City Administrator approval, the updated documentation would be added to a BOMA meeting under Items Approved on Behalf.

After the documentation was approved in 2016, there have been updates in 2018 and 2020 from Finance, Purchasing, and Revenue Management. This year, The 2021 recommendations include updates for the name of the annual report of governments, webpage links, and procedures to match the procedures reviewed during the most recent annual (2020) audit.

BACKGROUND/STAFF COMMENTS:

State law required local governments to document their internal controls by June 2016. BOMA approved the City's documentation in April 2016 with updates in 2018 and 2020.

The documentation specifies the controls established and maintained to provide reasonable assurance that obligations and costs are in compliance with applicable law, assets are safeguarded against waste, loss, unauthorized use, or misappropriation, and revenues and expenditures are properly recorded and accounted for.

FINANCIAL IMPACT:

There is no financial impact from the update.

RECOMMENDATION:

Staff recommends the update be submitted to the City Administrator for approval and be reported as an Item Approved on Behalf of the Board when made.

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CITY OF FRANKLIN, TENNESSEE

DOCUMENTATION OF INTERNAL CONTROLS
DRAFT WITH 2021 RECOMMENDED UPDATES

Section 9-18-102(a) of the Tennessee Code Annotated was amended to expressly require each county, municipal, and metropolitan government to establish and maintain internal controls.

The U.S. Office of Management and Budget (OMB) has established internal control guidance for all entities that receive federal awards at Code of Federal Regulations (CFR) 200.303. This guidance requires all entities to establish and maintain an effective system of internal control over federal awards. The OMB guidance further recommends implementing a system of internal control in accordance with internal control standards published in September 2014 by the U.S. Government Accountability Office (GAO) in *Standards for Internal Control in the Federal Government* (Green Book), as one method of complying with CFR 200.303.

The *Internal Control Manual for Local Governmental Entities and Other Audited Entities in Tennessee* (the "Internal Control Manual") should be used by all local governments.

This documentation follows the layout of the State's Internal Control Manual. (The Tennessee Code Annotated section and the OMB guidance referenced above is included in this documentation as Appendices A and B).

Contents

INTRODUCTION

OVERVIEW OF INTERNAL CONTROL

The U.S. Government Accountability Office (GAO) has established a common definition of internal controls, standards, internal control components, principles, and attributes. The document that contains this information is often referred to as the Green Book. Because this GAO Green Book framework is widely accepted, it will be used as the basis for all internal control matters related to entities covered by this internal control manual as outlined in the preface.

Definition of Internal Control

Internal control is a process that is developed by the municipality to provide reasonable assurance that the following categories of objectives will be achieved:

Reporting	–	financial reporting will be reliable.
Operations	–	effectiveness and efficiency of operations; and
Compliance	–	compliance with applicable laws, regulations, contracts, and grant agreements.

The above definition "reflects certain fundamental concepts." Those concepts are:

- Internal control is geared to the achievement of objectives in one or more separate but overlapping categories.
- Internal control comprises the plans, methods, policies, and procedures used to fulfill the mission, strategic plan, goals, and objectives of the entity.
- Internal control is an integral part of the organization not a separate system within the organization.
- Internal control is a process. It is a means to an end, not an end in itself.
- Internal control is affected by people. It is not merely policy manuals and forms, but people at every level of an organization.
- Internal control increases the likelihood that an entity will achieve its objectives. However it can only be expected to provide reasonable assurance, not absolute assurance, that all of the organization's objectives will be met.

While each organization may identify its mission, strategic plan, objectives, and plans for achieving its objectives in different ways, the Green Book approaches internal control through a hierarchical structure of five (5) components and seventeen (17) principles. The Green Book also contains additional information in the form of attributes. Attributes are presented under the heading title: "This Involves." These attributes provide further explanation of the principles and documentation requirements.

Components of Internal Control

The five (5) main components of internal control are:

1.	**Control environment**	–	the foundation for an internal control system
2.	**Risk assessment**	–	assesses the risks facing the organization as it seeks to achieve its objectives
3.	**Control activities**	–	the actions management establishes through policies and procedures to achieve objectives and respond to risks in the internal control system
4.	**Information and communication**	–	the quality information management and personnel communicate and use to support the internal control system
5.	**Monitoring**	–	activities management establishes and operates to assess the quality of performance over time and promptly resolve the findings of audits and other reviews

There is a direct relationship between the organization's objectives, the five components of internal control and the organizational structure of the organization. The five components apply to all three categories of objectives and all levels of the organizational structure. The seventeen (17) principles support the components of internal control.

Summary

A good internal control framework is essential to providing reasonable assurance that organizations are achieving their objectives. Such objectives include, but are not limited to, utilizing public resources in compliance with laws, regulations, and budgetary limitations. An adequate control framework will provide information that helps detect errors and fraud and provides reasonable assurance that financial reports are accurate. It will limit the opportunity for theft or unauthorized use of assets, including cash, inventory, and capital assets.

COMPONENT 1

CONTROL ENVIRONMENT

GAO Green Book Principles 1 through 5

The control environment is the foundation for any internal control system. There are five (5) principles related to the control environment

1. ***The oversight body and management should demonstrate a commitment to integrity and ethical values.*** The governing body or other oversight body and management's directives, attitudes, and behaviors should reflect the integrity and ethical values expected throughout the entity.

The City's Board of Mayor and Aldermen and management demonstrate this commitment to integrity and ethical values as follows:

- The Board of Mayor and Aldermen have approved the Human Resources Manual which specifies expectations, discipline, and reporting of acts.
- The Board of Mayor and Aldermen have approved a Code of Ethics. This Code of Ethics is included in the municipal code.
- As part of its annual audit, the City's Board and Management complete a conflict of interest statement.
- The Board of Mayor and Aldermen emphasizes best financial management practices. The City maintains a AAA bond rating from both Moody's and Standard & Poor's.
- The City strives to have no audit findings in its annual audit.
- The City performs a risk assessment annually for its insurance coverages.
- The City plans to implement an office of internal audit sometime in the future. Currently, the Finance Department performs this function.

2. ***The oversight body should oversee the entity's internal control system.*** The governing body should oversee the design, implementation, and operation of the organization's internal control system as well as take appropriate action to resolve deficiencies. The governing body may appoint a separate oversight body (such as an audit committee) that has the independence and qualifications needed to impartially evaluate, scrutinize, question activities, and oversee the design, implementation, and operation of the organization's internal control system as well as take appropriate action to resolve deficiencies. Management should be directly involved in developing the internal control system and is responsible for implementing and monitoring the system for compliance.

The City's Board oversees the entity's internal control system as follows:

- The Board approved by resolution the City's internal control documentation in April 2016. It is reviewed and updated, as necessary, prior to the audit.
- The Budget and Finance Committee receives monthly and quarterly reports.
- The Budget and Finance Committee is designated by the Board as the City's Audit Committee, which reviews the annual audit for internal controls issues.
- The City's Board receives the annual audit for its acceptance.

3. Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives. This includes:

- Establishing, documenting, and regularly reviewing and updating a simple and flexible organizational plan that clearly addresses the assignment of authority and responsibility
- Develop a manual that provides sufficient documentation of internal control to communicate to personnel their responsibilities as well as to monitor and evaluate the controls

The City has established an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives.

- The City's organizational chart is maintained by the Human Resources Department and issued in both the annual budget and annual audit report. It provides an overview of the lines of authority and responsibility. The City's Organization Chart is included as Appendix C.
- This internal control documentation includes individual responsibilities within areas of functional responsibility (e.g. receipting, payroll, accounts payable, and purchasing).

4. Management should demonstrate a commitment to recruit, develop, and retain competent individuals. This includes:

Developing and regularly reviewing and updating a manual that addresses:

- Job skills requirements (job descriptions, certifications, continuing professional education, education in new accounting standards, education in new laws, education in federal grant requirements, computer software education, and other general education and training requirements, etc.)
- Employee benefits (leave, flex plans, health insurance, 401k, pension, other postemployment benefits, etc.)
- The business continuity plan for succession and emergencies

The City's Management demonstrates a commitment to recruit, develop, and retain competent individuals as follows:

- The City continually maintains and reviews job descriptions to ensure quality candidates apply, are hired, and perform their responsibilities during their employment.
- Under the City's pay plan, pay is market based and reviewed periodically.
- MTAS and other external and internal training is provided to ensure that those responsible and performing internal controls are well informed about changes in accounting and reporting, changes in laws that affect payroll and payroll related activities, changes in laws that affect purchasing, grants administration and emergency management training.
- As software is updated, training is provided to ensure continued proficiency in computer skills.
- Employees are encouraged to obtain certifications such as CPA and CMFO and the entity agrees to pay for continuing professional education requirements.
- Background checks are performed for all employees involved in financial transactions such as collecting and disbursing funds.

5. Management should evaluate performance and hold individuals accountable for the internal control responsibilities. This includes:

- Developing and regularly reviewing and updating a manual that addresses:
- Periodic job evaluations and corrective action(s) to be taken when there are deficiencies
- Periodic evaluation of employee workload pressure and methods for communicating and implementing required changes to alleviate excessive workload pressures (whether created by management goals, time constraints, budgetary factors, cyclical demands, or increased workload buildup over time)

The City's Management evaluates performance and hold individuals accountable for the internal control responsibilities as follows:

- The City continually reviews job descriptions to ensure quality candidates apply, are hired, and perform their responsibilities during their employment.
- Under the City's new evaluation methodology, accountability for internal controls is a key component of performance.
- The Human Resources Manual requires an annual job evaluation for each employee. New employees have a probationary period. During that time, a corrective action plan will be developed for any deficiency noted as a result of an evaluation.

COMPONENT 2

RISK ASSESSMENT

GAO Green Book Principles 6 through 9

Having established an effective control environment, management assesses the risks facing the entity as it seeks to achieve its objectives. Generally, risk assessment means asking questions about what could go wrong. There are four (4) principles related to risk assessment.

1. ***Management should define objectives clearly to enable the identification of risks and define risk tolerances.*** This includes:
   Developing and regularly reviewing and updating a document that addresses:
   - The organization's mission
   - The organization's goals and objectives in sufficient detail to allow for performance risk assessments in a reasonably consistent manner
   - The organization's risk tolerances or risk threshold for each objective in sufficient detail to allow for the appropriate design of an internal control system. Risk tolerances or thresholds should be assessed considering laws, regulations, generally accepted accounting principles, other standards, grant management, internal standards of conduct, oversight structure, organizational structure, and expectations of competence, etc.
   - The organization's judgments about materiality, both qualitatively and quantitatively (i.e. risk threshold)

The City's Management has defined objectives clearly to enable the identification of risks and define risk tolerances as follows:

- The City's vision is found in the annual budget document as well as on its open government platform: https://www.franklintn.gov/government/departments-a-j/administration
- The City has developed a strategic plan approved by the City's Board.
- The City mitigates risk through insurance coverages.
- The City has implemented strong internal controls, emphasizing separation of duties.
- The City's internal controls provide reasonable assurance that unlawful acts are not occurring.

- Surety bonds and/or employee dishonesty insurance is purchased to mitigate the risk of loss of funds due to errors, irregularities, or fraud.

2. ***Management should identify, analyze, and respond to risks related to achieving the defined objectives.*** This includes:
Developing and regularly reviewing and updating a document that addresses:
- The risks associated with the organization's objectives
- The methodology for determining if the risk identified is material to the organization
- The action(s) to be taken to mitigate the risk

The City's Management identifies, analyzes, and responds to risks related to achieving the defined objectives as follows:
- Performs risk assessments in connection with its insurance coverages.
- Performs internal control assessments (as shown in Attachment E).

3. ***Management should consider the potential for fraud when identifying, analyzing, and responding to risks.*** This includes:
Reviewing and attending training to identify types of fraud that can occur. Fraud types include fraudulent financial reporting, theft of assets, and corruption (i.e. bribery and other illegal acts). Fraud risk factors include incentive or pressure, opportunity, and attitude or rationalization. Internal controls specifically relate to opportunity. Review organization operations to determine if and how a fraud could occur. Consider the loss potential and determine the acceptable level of risk that the organization is willing to accept. Develop controls to limit the risk of fraud.

The City's Management considers the potential for fraud when identifying, analyzing, and responding to risks as follows:
- Emphasizing fraud training
- Understanding elements of fraud risk (incentive/pressure, opportunity, and rationalism)
- Implementing separation of duties wherever possible
- Evaluating risk in its entity-wide objectives of Operations, Reporting, and Compliance:

<u>Operations Objectives</u> –
- Ensure that the entity's resources are adequately safeguarded
- Provide taxpayer services efficiently and effectively
- Limit the need for tax increases
- Provide for the long-term stability of the municipality
- Provide a stable and rewarding work environment for employees

Reporting Objectives –

- Provide timely interim financial reports and schedules for evaluating the results of operations
- Issue timely financial reports that comply with generally accepted accounting principles, the additional requirements of the Tennessee Comptroller of the Treasury, and federal grant requirements

Compliance Objectives –

- Comply with all relevant laws, regulations, contracts, and grant agreements

4. Management should identify, analyze, and respond to significant changes that could impact the internal control system. This includes identifying risks during the planning process for all new grant programs, projects, and activities. Then, review the controls to determine what changes need to be made to ensure that objectives are met.

The City's Management identifies, analyzes, and responds to significant changes that could impact the internal control system as follows:

- Creating and updating City policies and procedures.
- Awareness of accounting standards changes.
- Awareness of state law or regulation changes.
- Awareness of federal law or regulation changes.
- Management reviews all new grant applications and agreements.
- Management reviews all new contracts.
- Management reviews all debt issuance documents.
- The City has implemented a debt capacity model in assessing the issuance of debt.
- Management will, at least annually, consider technological developments, employee turnover, new programs, new accounting standards, new laws and regulations, and economic growth or decline to determine whether or not changes in internal controls need to be implemented. Recommendations for changes will be reviewed and implemented as necessary. The implementation will include training for all personnel involved in the processes that require change.

COMPONENT 3

CONTROL ACTIVITIES

GAO Green Book Principles 10 through 12

Control Activities are the actions management establishes through internal control policies and procedures to achieve objectives and manage risks. There are three (3) principles related to control activities.

1. ***Management should design control activities to achieve objectives and respond to risks.*** This includes:
Developing and periodically reviewing and updating a procedures manual that documents:

- The specific actions designed to address entity objectives and risks. These have been identified during the process of defining responsibilities, delegating authority, and assessing risks.
- The specific actions designed to address entity objectives and risk at various levels in the organization
- The division (i.e. segregation) of duties and/or implementing compensating controls designed to mitigate risks related to assigning duties and responsibilities among employees

The City's Management has designed control activities to achieve objectives and respond to risks.

- The City has identified objectives, risks, and relevant policies and procedures for activities shown in Appendix F.

2. ***Management should design the entity's computerized information system and related control activities to achieve objectives and respond to risks.*** This includes:
Develop and periodically review and update guidelines for information technology documenting:
- The types of computerized information required to be compiled to meet the government's objectives
- The computer application controls necessary to ensure that information is valid, complete, and accurate
- The general computer controls addressing security management procedures,

contingency plans, configuration, logical and physical access

- Information technology infrastructure needs, and the controls needed to ensure that adequate resources are available to meet the reporting needs (e.g. storage capacity)
- The external and internal security risks and the controls necessary to limit exposure to unauthorized access, corruption of data, or other misappropriation of information (e.g. personally identifiable information)
- Controls necessary to ensure that technology acquisition, development and maintenance activities are authorized, necessary, and properly integrated throughout the organization

The City's Management designed the entity's computerized information system and related control activities to achieve objectives and respond to risks.

- The City strives to improve the quality and level of services by upgrading information systems, including time and attendance, receipting, and utility billing. The IT director and assistant director review any reporting requirements or changes to programs that might impact the software and hardware maintenance schedule
- Assess and prioritize enhancements to meet any changes or additional needs in reporting requirements
- Assess the adequacy of general computer processes and controls

3. Management should implement control activities through policies. This includes: Management will develop and periodically review and update a policies manual that documents:

- The overall general policies for the local entity that address the broad expectations (objectives and related risks, control activity design, implementation and operating effectiveness) of management and the responsibilities for each unit (office, division, department or other organizational segment) of the local entity
- Management's plan for monitoring departmental policies, procedures, and control activities developed by each unit to implement the general policies
- The means by which policies, procedures and control activities will be communicated to staff
- Management will ensure that each unit document policies, day-to-day procedures, and control activities to implement management's policies

The City's Management has implemented control activities through policies as follows:

- In addition to complying with federal and state laws and regulations, the City has adopted financial policies for investments, debt, fund balance reserves, pension funding, and cash receipting,
- The City periodically updates its Human Resources Manual.
- The Finance Department annually reviews financial policies for possible updating.

COMPONENT 4

INFORMATION AND COMMUNICATION

GAO Green Book Principles 13 through 15

Management is responsible for developing and providing internal and external information. This information supports the internal control system and validates its existence. There are three (3) principles related to information and communication.

1. ***Management should use quality information to achieve the entity's objectives.*** This includes:

   Management should, on a regular basis:

   - Review and document the information requirements to achieve key objectives and address the risks of the government
   - Review and document changes that occur in the local government's objectives and the related changes in information requirements
   - Identify and evaluate the reliability and timeliness of relevant data from both internal and external sources
   - Review and evaluate whether data has been processed into quality information that allows management to make informed decisions and evaluate whether the local government is achieving its objectives

   The City's Management uses quality information to achieve the entity's objectives.

   - The City has a standardized format for information to be presented to the Board.
   - The City Administrator, Assistant City Administrators, and Law Department review information being presented to the City's Board.
   - Financial information needed from departments including receivables, inventory, donated assets, etc. is accumulated each quarter. It is reviewed by the Finance Department for accuracy.
   - Financial information is obtained from outside entities such as Transit and non-profit agencies and reviewed by the Finance Department.
   - Financial statements and budget amendments are reviewed by the City's Chief Financial Officer and City Administrator prior to release.

2. ***Management should internally communicate the necessary quality information to achieve the entity's objectives.*** This includes:
    - Management clearly defines the lines of communication through policy manuals and organization charts
    - Management has communicated the types of information required to achieve objectives and address risks
    - All internal control documents and related reports will be available to all staff in an appropriate method based on confidentially and relevance to job responsibilities
    - The appropriate information delivery system has been determined (e.g. email, written memo, staff meetings, etc.) for changes and updates
    - Reports containing personally identifiable information or other protected or confidential information will be made available through communication methods that restrict internal and external access
    - Annual staff training meetings and new employee orientation, with relevant handouts and manuals, will be used to reinforce memo, email, intranet, and restricted communications

    The City's Management internally communicates the necessary quality information to achieve the entity's objectives.
    - The City's Board and the City Administrator communicate regularly about agenda items. The City's Management communicates with the Board and departments on upcoming changes in federal and state requirements.
    - The City Administrator communicates regularly with other members of City Management in scheduled weekly meetings.
    - City's Management has regular meetings on projects and information technology.

3. ***Management should externally communicate the necessary quality information to achieve the entity's objectives.*** This includes:
    Management should develop policies and procedures for:
    - Communicating with external parties, including.
        - Auditors
        - Federal grant agencies,
        - SEC through the Electronic Municipal Market Access system (EMMA)
        - Bond rating companies, prospective bond purchasers, and underwriters
        - Vendors and contractors
        - Insurance companies
        - Law enforcement officials
        - News media
        - Individuals or public interest groups based on public information requests
        - Evaluating the reliability of information provided to and received from external parties

- Ensuring that only authorized individuals provide information to external parties
- Ensuring that restricted information is provided only to authorized external parties
- Redacting of information when requested under the open records statutes

In summary, it is vitally important that information communicated to outside parties be accurate. This involves many different layers of internal controls including the control environment, the risk assessment process, and control activities. Before information is released to an outside party, management should be confident based on its internal policies and procedures, the information is accurate. The credibility of the entity, its governing body, and public officials is at stake whenever information is released to outside parties.

The City's Management externally communicates the necessary quality information to achieve the entity's objectives as follows:

- Management has identified specific departments and individuals in the organization to be responsible for external communications. For example, the Chief Financial Officer and Comptroller communicate with the auditors and ensure continuing debt disclosure.

COMPONENT 5

MONITORING

GAO Green Book Principles 16 and 17

Things change - the Operating Environment, Laws, Accounting Principles, Technology, Resources, and People, etc. For this reason, internal control policies and procedures must constantly be monitored and improved or updated. There are two (2) principles related to monitoring.

1. ***Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.*** This includes:
   Management should:
   - Evaluate and document the current state of the internal control system and document the differences between the criteria of the design and the current condition of internal control, for purposes of establishing a baseline
   - Determine whether to change the design of internal control or implement corrective actions to improve the operating effectiveness of internal control for differences that exist
   - Monitor internal control through built in monitoring activities and periodic separate evaluations and document the results
   - Evaluate differences to determine if (1) changes in internal control have occurred but have not been documented, (2) internal control has not been properly implemented, or (3) internal control design changes are needed

The City's Management establishes and operates monitoring activities to monitor the internal control system and evaluate the results.

- The City's Chief Financial Officer and City's Comptroller review the financial reports and expenditures to ensure that they comply with those requirements. A review of all relevant compliance issues would include, but not be limited to:
  - federal and state grant requirements
  - internal revenue service requirements
  - budgeting and expenditures requirements
  - financial reporting requirements
  - state and federal laws and regulations

  - debt issues
- The City's Comptroller periodically reviews
  - the cash receipts journal, cash disbursements journal, general ledger, and subsidiary ledgers to ensure that they are in balance
  - bank statements and the related reconciliations to determine that they are accurate, and all activity is authorized and properly recorded, and
  - journal entries to determine that they are appropriate.
- The City's Assistant City Recorder/Records periodically reviews:
  - The minutes of actions taken by the governing body to determine that they are kept together and are complete and that actions taken are implemented and/or being accounted for as applicable and
  - Codified ordinances to ensure that they are up-to-date.
- The City's IT Director periodically reviews relevant computer programs to determine whether they need to be updated, upgraded, or modified.
- The City's Budget and Finance Committee serves as the City's audit committee. The audit committee reviews financial reporting practices, internal control, compliance with laws, regulations, contracts and grant agreements, and ethics.

2. ***Management should remediate identified internal control deficiencies on a timely basis.*** This includes:
Management should:
- Adopt policies regarding ongoing monitoring processes and the method and timing of reporting issues and deficiencies to a designated individual
- Document the evaluation of issues noted during ongoing and periodic monitoring
- Propose a corrective action plan and implement the corrective action on a timely basis

The City's Management remediates identified internal control deficiencies on a timely basis as follows:
- A good internal control structure will only provide reasonable assurance that unlawful conduct does not occur or is detected on a timely basis. Though it is common to assume "it will never happen to us" it can happen. In fact, monitoring may be the means by which some unlawful conduct or fraud is detected. Unlawful conduct or fraud may be discovered because of tips from other employees, as a result of internal or external audits, because of internal control that has been established, and even by accident. Regardless of the method of discovery, the amount of money involved, or the frequency of occurrence, all discoveries are to be reported in writing to the Comptroller. Unlawful conduct or fraud must be reported whether money is repaid and/or whether the employee is terminated. Simply because you do not believe that the person could ever have participated in unlawful activities or fraud or believe that they will not participate again, is not a basis for failing to report what has been discovered.
- Reporting when a public official believes unlawful conduct has occurred:
  Tennessee Code Annotated, Section 8-4-501, defines unlawful conduct as "…theft, forgery, credit card fraud, or any other act of unlawful taking of public money,

property, or services."

Tennessee Code Annotated, Section 8-4-503 states:

A public official with knowledge based upon available information that reasonably causes the public official to believe that a theft, forgery, credit card fraud, or any other act of unlawful taking of public money, property, or services has occurred shall report the information in a reasonable amount of time [i.e., five (5) working days] to the office of the comptroller of the treasury.

The form for reporting fraud can be found on the web at:

https://comptroller.tn.gov/content/dam/cot/la/documents/fraudreportingform.pdf

Appendix A: Internal Controls (Tennessee Code)

Title 9 Public Finances
Chapter 18 Financial Integrity Act of 1983

Tenn. Code Ann. § 9-18-102 (2015)

9-18-102. Internal controls -- Management assessment of risk. [Effective on June 30, 2016. See the version effective until June 30, 2016.]

(a) Each agency of state government and institution of higher education along with each county, municipal, and metropolitan government shall establish and maintain internal controls, which shall provide reasonable assurance that:

(1) Obligations and costs are in compliance with applicable law;

(2) Funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and

(3) Revenues and expenditures are properly recorded and accounted for to permit the preparation of accurate and reliable financial and statistical reports and to maintain accountability over the assets.

(b) To document compliance with the requirements set forth in subsection (a), each agency of state government and institution of higher education shall annually perform a management assessment of risk. The internal controls discussed in subsection (a) should be incorporated into this assessment. The objectives of the annual risk assessment are to provide reasonable assurance of the following:

(1) Accountability for meeting program objectives;

(2) Promoting operational efficiency and effectiveness;

(3) Improving reliability of financial statements;

(4) Strengthening compliance with laws, regulations, rules, and contracts and grant agreements; and

(5) Reducing the risk of financial or other asset losses due to fraud, waste and abuse.

Appendix B: Internal Control Guidance (OMB)

GAO

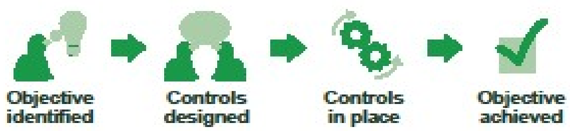
What is the Green Book?

Important facts and concepts related to the Green Book and internal control

RELATED TO GAO-14-704G

What is internal control?

Internal control is a process that helps an entity achieve its objectives. It is the first line of defense in safeguarding public resources.



Standards for Internal Control in the Federal Government, known as the Green Book, is the document that sets internal control standards for federal entities.

How does internal control work?

Internal control helps an entity

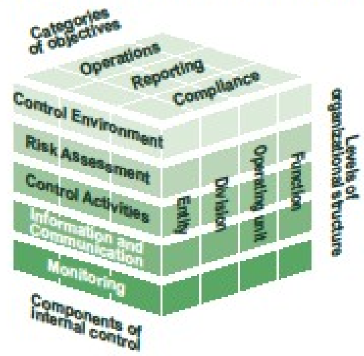
Who would use the Green Book?

Here are some of the people who use it

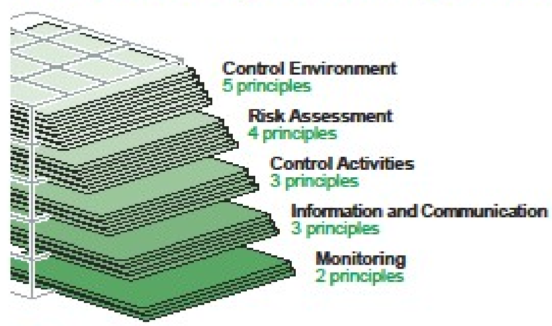
- Someone who manages programs for federal, state, or local government
- Someone conducting a performance audit or a financial audit
- Someone responsible for making sure that personnel follow policies and procedures related to any and all job responsibilities

How is internal control organized?

Standards for Internal Control in the Federal Government (the Green Book) is organized by the five components of internal control, and apply to staff at all organizational levels and to an entity's operations, reporting, and compliance objectives.



What makes up the 5 components?



Principles
Each of the five components contains several principles. Principles are the requirements of each component.

Attributes
Each principle has important characteristics, called attributes, which explain principles in greater detail.

LOOKING FOR MORE INFORMATION? Visit GAO.GOV/GREENBOOK. Read the full report: GAO-14-704G.

GAO

Appendix C: Internal Control Risk Assessment

INTERNAL CONTROL RISK ASSESSMENT
As of May 31, 2021

ACTIVITY 1: ADMINISTRATION AND RECORDS

General Administration

1. Is there an organization chart that clearly defines lines of authority and responsibility for the City?
   Yes
2. If not, are such lines clearly established and understood by all employees?
   Yes
3. Are all transactions of major importance approved in minutes of the governing body?
   Yes
4. Are all minutes of the governing body (in final form) in the permanent records of the governmental unit and properly signed?
   Yes
5. Do the minutes adequately reflect the action of the governing body?
   Yes
6. Are they clear as to intent and substance?
   Yes

Charter, Municipal Code, and Ordinance

1. What kind of charter does the city have?
   a. General law mayor aldermanic?
   b. General law manager-commission?
   c. General law modified council-manager?
   d. Private act? (Private Acts, chapter)
   e. Home rule?
   f. Metro?

   Although incorporated in 1799, Priv. Acts 1967, ch. 126, is the current basic charter act for the City of Franklin, Tennessee.
2. If you have a private act or home rule charter, does the City have a current charter compilation that includes all the amendments to the charter?
   Yes
3. Is the charter readily available and accessible to city officers, employees, and the public?
   Yes
4. If you have a private act or home rule charter, is the charter reviewed on a frequent regular schedule for the purpose of removing obsolete provisions and inserting needed provisions?
   Yes

5. Is the charter clear and unambiguous relative to:
   a. Elections of officers?
      Yes
   b. Filling of vacancies in elective office?
      Yes
   c. Quorum and voting requirements on ordinances, resolutions, and motions?
      Yes
   d. Which city personnel are officers, and which are employees?
      Yes
   e. The relative powers and duties of the mayor (or city manager) and the board or commission?
      Yes
   f. Salary and/or other compensation of officers?
      Yes
   g. Recall or method of removal, if any, of officers?
      Yes
   h. The property rights, if any, of employees in their jobs?
      Yes
   i. The procedural "hoops," if any, for the discipline, including termination, of employees?
      Yes
   j. The due and delinquency dates for property taxes?
      Yes
   k. The procedure for the collection of property taxes?
      City has contracted with Williamson County to collect.
6. Does the City have a current municipal code?
   Yes
7. Was the municipal code properly adopted?
   Yes
8. Is the municipal code readily available to city officials, employees, and the public?
   Yes
9. Is the municipal code reviewed on a frequent, regular basis for the purpose of removing obsolete provisions and inserting needed ones?
   Yes
10. Is a certain officer or employee assigned the definite responsibility of insuring that ordinance adoption procedures are rigorously followed?
    Yes
11. Is a certain officer or employee assigned the responsibility of preserving a record of such ordinances?
    Yes
12. Is that person, if any, thoroughly familiar with ordinance adoption procedures?
    Yes

13. Is there a definite prescribed place in the City's offices for the City's ordinances to be kept?
    Yes

14. Are ordinances filed and preserved by some systematic method, such as by number, date, subject, etc.?
    Yes

<u>Municipal Records in General</u>

1. Does the City have a definite prescribed place in City offices for the City's records to be filed and preserved?
   Yes
2. Is a certain officer or employee assigned the definite responsibility for City records filing and preservation?
   Yes
3. Does the City have a systematic filing system that is understandable to City officers, employees, and the public?
   Yes
4. Are the City's records easily and readily accessible to City officers, employees, and the public?
   Yes
5. Is the person responsible for records filing and preservation familiar with, and does he or she, follow the Open Records Law?
   Yes

<u>Municipal Meetings</u>
1. Are regular meetings of the City governing body held at the times and places prescribed by the City charter, code, or ordinances?
   Yes
2. Are special meetings called and held in accordance with the City charter?
   Yes
3. Is adequate notice of both regular and special meetings given to the public?
   Yes
4. Is the person who is responsible for general supervision of the City familiar with the Open Meetings Law?
   Yes
5. Are minutes clearly reflecting the votes and other important actions of the governing body?
   Yes

<u>Insurance</u>
1. Does the city purchase insurance?
   Yes
2. Does the city understand the coverage conditions, definitions, and exclusions?
   Yes

3. Does the city track losses, whether they are covered by insurance or not?
   Yes
4. Does the city review and record all deductibles as they occur?
   Yes
5. Does the city monitor the associate risk management costs?
   Yes
6. Does the city investigate losses and develop loss control plans?
   Yes

ACTIVITY 2: HUMAN RESOURCES AND PAYROLL

City Personnel

1. Are City employees responsible for handling money bonded in a sufficient amount?
   Yes
2. Are vacation and sick leave policies definite and certain?
   Yes
3. If employees retire, quit, or are terminated, is it clear whether or not they are entitled to pay for unused vacation and sick leave?
   Yes
4. Does the City have written personnel regulations and policies?
   Yes
5. Whether or not the City has written personnel regulations, is the chain of command well-understood by both City officials and employees?
   Yes
6. Is it clear in such policies to which classes of employees and/or officers they apply?
   Yes
7. Do such personnel policies conform to the City charter?
   Yes
8. Are such policies followed with respect to all employees and officers to which the policies apply?
   Yes
9. Is the person responsible for personnel administration generally well-versed in the:
   a. Fair Labor Standards Act?
      Yes
   i. General City employees?
      Yes
   ii. Fire and police employees?
      Yes
   b. Americans with Disabilities Act?
      Yes
   c. State and federal laws governing employment discrimination?
      Yes

10. Does the City impose limitations upon the political activities of its employees?
    Yes

11. Do such limitations with respect to police officers and firemen apply only to on-duty activities?
    Yes

ACTIVITY 3: ACCOUNTING AND FINANCIAL REPORTING

<u>Financial Matters</u>

1. Are financial records maintained in sufficient detail to adequately describe the operations of the municipality?
   Yes
2. What changes can be made or what compensating controls can be implemented to mitigate shortcomings noted through this assessment?
   None identified

<u>Financial Reporting</u>

1. Does the board receive monthly financial reports?
   The Finance Committee receives quarterly financial reports. Monthly reports are issued upon request.
2. Are the reports explained to the board?
   Yes
3. Does the finance officer reconcile the bank accounts monthly?
   Yes
4. Is the board notified when cash is running dangerously low?
   Yes

ACTIVITY 4: FISCAL YEAR END CLOSING

1. Are personnel aware of the 60-day closing requirement?
   Yes
2. Does the City keep its accounting records current within 60 days after each month-end?
   Yes

ACTIVITY 5: AUDIT

1. Does the City acquire audit services through an RFP process?
   Yes
2. Does the City enter the audit contract approval in the CARS system?
   Yes

ACTIVITY 6: CASH ON HAND

1. Are cash on hand accounts reconciled daily to the amount of monies on hand?
   Tracked by departments daily. Monthly by Finance.

2. Does the municipality use petty cash funds?
   Yes
3. Are actual receipts required and retained for reimbursements of petty cash monies?
   Yes
4. Is the person receiving reimbursement required to sign a receipt?
   Yes
5. Is all cash maintained on hand and collections not yet deposited kept in secure locations?
   Yes

ACTIVITY 7: CASH IN BANK

Reconciliation of Accounts

1. Are bank accounts reconciled to the general ledger on a monthly basis?
   Yes
2. Is this reconciliation performed by someone who isn't involved with making deposits or writing checks?
   Yes
3. Are reconciling items noted in the bank account reconciliation addressed and remedied within 2 monthly cycles?
   Yes Outstanding checks (with 90-day expiration date) may require 3 monthly cycles.
6. Has the municipality ensured that all accounts are appropriately collateralized with the financial institutions?
   Yes
7. Has the municipality ensured that all accounts in banks collateralizing with the State Collateral Pool have classified the city's accounts as "public" in the bank's records?
   Yes
8. Are all persons handling cash and other assets bonded?
   Yes
9. Have all bank accounts been approved by the city council?
   Yes

ACTIVITY 8: INVESTMENTS

Investments

1. Who has access to the city's investments?
   Investment Trustee

2. Are all bank accounts and investments maintained in the city's name?
   Yes
3. Do withdrawals or liquidations of city investments require two signatures?
   Yes

ACTIVITY 9: RECEIPTING

<u>Collections/ACHs – General Controls</u>

1. Are pre-numbered receipts issued for each collection at the time the funds are received?
   Yes
2. What types of payment are accepted? Cash, Checks, Money Orders, Credit Cards?
   Cash, Checks, Money Orders, Debit/Credit Cards
3. Do the receipts note an appropriate revenue source or revenue account from the chart of accounts?
   Yes
4. Are checks received restrictively endorsed (stamped "For Deposit Only") immediately upon receipt?
   Yes
5. Are all receipts accounted for including voided receipts?
   Yes
6. Are collections deposited in 3 working days from the time they were received?
   Yes
7. Is the deposit made in the same amounts as it was collected (intact with the same amount of cash vs checks as collected)?
   Yes
8. Are duties properly segregated in the following areas:
   b. Collecting
   c. Depositing
   j. Recording
   Yes
9. Does someone other than the cashier make deposits?
   Yes
10. Are actual deposits checked against records by someone other than cashier or depositor?
    Yes
11. Are proper controls in place to prohibit cashing any checks payable to the municipality?
    Yes
12. Are proper controls in place to prohibit employees cashing checks in the office?
    Yes
13. Are checks identified on the deposit slip by maker and amount?
    Yes
14. Are state funds deposited directly to the municipal's bank accounts by ACH?
    Yes

15. Is the receiving function centralized to the maximum extent possible?
Receiving is performed by a few select department. Deposits are made by one department, Revenue Management.
16. Is there a reconciliation between the daily check out reports and the deposits made by someone independent of the process?
Yes
17. Do all transfers between bank accounts require the approval of a second person?
Yes
18. Are licenses and permits pre-numbered and properly accounted for?
Yes
19. What changes can be made or what compensating controls can be implemented to mitigate shortcomings noted through this assessment?
None identified.

<u>Collections/ACHs – Utility Billings and Collections</u>

1. Are pre-numbered receipts issued for each collection at the time the funds are received?
Yes
2. Is the utility system of billing and collections integrated with the city general ledger operations?
No
3. If not, how does the city ensure that all collections made are entered into the city's general ledger system? This is particularly critical if pre-numbered receipts are not issued in sequential order for #1 above.
Posting to general ledger does not occur until verified with data from utility billing system
4. Are rates set to cover the full cost of the services provided, including depreciation?
Yes
5. Are the utility operations in sound financial condition?
Yes
6. Does the city provide any free utility services?
No
7. Are appropriate late charges collected?
Yes
8. Does the city require separate meters for each customer?
Yes
9. Does the city have strict cut-off policies in place and in writing that are acted upon?
Yes
10. Does someone reconcile the utility accounts receivable control account in the general ledger system with the utility accounts receivable subsidiary ledger?
Yes
11. Does the finance department have a write-off policy in place for the removal of receivables from the financial records?
Yes

12. When adjustments to accounts are required, are they approved by the governing body or their designee? *Person collecting payment or creating bills should be prohibited from adjusting bills without a second approval.*
    Yes
13. Does the municipality charge a deposit or non-refundable fee to turn utilities on for new customers?
    Yes
14. Who receives and records deposits for services?
    Cashiers in Revenue Management
15. Who opens the mail with customer payments?
    Pinnacle Bank's lockbox services (not opened by City personnel)
16. Who serves as the back-up if the person referred to in #15 above is not available?
    Not applicable
17. Does someone create a mail log of all collections through the mail or drop box?
    Not applicable
18. Are duties properly segregated in the following areas:
    a. Collecting
    b. Billing
    c. Receivables
    Yes
19. What changes can be made or what compensating controls can be implemented to mitigate shortcomings noted through this assessment?
    None identified

<u>Collections/ACHs – State Shared Revenues</u>

1. Has your city considered conducting a census?
   Yes
2. Does/Should your city receive any corporate excise tax if any banks or related entities are located within your corporate boundaries?
   Yes
3. Is your city entitled to a mixed drink or alcoholic beverage tax?
   Yes
4. Is mixed drink tax being remitted to the school system if required by law?
   Yes
5. Does your city operate a city school system?
   No
6. If so, are all local school taxes shared as required by law?
   Not applicable
7. Are state street aid monies being transferred to the fund in a timely manner?
   Deposited directly to City's Street Aid Fund
8. Is a situs report requested from the Department of Revenue at least annually?
   Yes

9. What changes can be made or what compensating controls can be implemented to mitigate shortcomings noted through this assessment?
   None identified

ACTIVITY 10: PURCHASING

1. Does the City have a purchasing policy?
   Yes, for City procurements not pertaining to the design and/or construction of new infrastructure and facilities.

2. Does the City have a purchasing card policy?
   Yes, a provision of the City's purchasing policy addresses the City's purchasing card program.

ACTIVITY 11: DISBURSEMENTS

Disbursements/Drafts

1. Are numbered checks issued for all disbursements?
   Yes
2. Are all voided checks accounted for and properly defaced?
   Yes
3. Is the practice of signing blank checks prohibited?
   Yes
4. Is the supply of unused checks safely stored to protect against unauthorized use?
   Yes
5. Do all checks require two signatures?
   Yes
6. Do drafts posted to bank accounts require two signatures as well?
   Yes
7. Does the office use signature stamps or electronic signors?
   Electronic signors
8. If so, is access restricted to these items?
   Yes
9. Is the practice of making checks payable to "CASH" prohibited?
   Yes
10. Are invoices approved for payment by someone other than the check preparer prior to processing payments?
    Yes
11. Are transfers between funds approved by the city council?
    Yes
12. What changes can be made or what compensating controls can be implemented to mitigate shortcomings noted through this assessment of disbursements?
    None identified

ACTIVITY 12: EMPLOYEE TRAVEL AND REIMBURSEMENTS

1. Does the City have written policies governing the use of City vehicles by City employees?
   Yes
2. Does the City have a travel expense reimbursement policy for employees and officials?
   Yes

ACTIVITY 13: CAPITAL ASSETS AND INVENTORY

<u>Safeguarding Capital Assets/Inventory</u>

1. Is all seized property, including cash, inventoried and kept in a secure location?
   Yes
2. Has someone been assigned the responsibility of accounting for the various inventories of the municipality?
   Yes
3. Are detailed inventory records maintained?
   Yes
4. Is a physical inventory conducted annually?
   Yes
5. Do the inventory records include property and equipment of a sensitive nature in addition to capital assets?
   Yes
6. Are proper safeguards in place to prevent theft or loss of assets?
   Yes
7. Are sales of surplus property in accordance with state law?
   Yes
8. Does the city have procedures in place for disposing of property in compliance with state law?
   Yes
9. What changes can be made or what compensating controls can be implemented to mitigate shortcomings noted through this assessment of Assets?
   None identified

ACTIVITY 14: DEBT

<u>Obligations/Debt Management</u>

1. Is adequate planning performed and projections made to ensure incurring debt is necessary and affordable for the municipality?
   Yes

2. Has the governing board approved debt issues and is that approval documented in the minutes?
   Yes

3. Is the municipality in compliance with debt covenants, if any?
   Yes
4. Are efforts made to obtain the best borrowing rates on debt?
   Yes
5. Are checks and balances in place to ensure bond and note proceeds are used for their intended purpose?
   Yes
6. Are adequate reserves maintained to make principal and interest payments on debt?
   Yes
7. Does the municipality make debt payments on time?
   Yes
8. Has the municipality been at financial risk for not making principal and interest payments?
   No
9. Are interfund loans pre-approved by the State Comptroller's Office?
   Not applicable
10. Were repayment plans of interfund loans established?
    Not applicable
11. Were all debt issuances made in compliance with state law?
    Yes
12. Do the minutes of the governing body reflect adequate information on bond issues?
    Yes
13. Are separate bank accounts and accounting records maintained for each bond issue if required by the bond resolution?
    Yes
14. Are the investment and disbursement practices for bond issues in compliance with arbitrage laws and/or regulations?
    Yes
15. Did the city receive prior approval from the Director of State and Local Finance before the issuance of notes?
    Yes
16. Does the city maintain a master list of debt payment requirements by month and fiscal year the payments are due?
    Yes
17. What changes can be made or what compensating controls can be implemented to mitigate shortcomings noted through this assessment?
    None identified

ACTIVITY 15: GRANTS

Grants Management

1. Has the municipality checked with state and federal agencies, development districts, and other sources, etc., to see what federal and state grants might be available?
   Yes

2. Does the city make a practice of considering the matching costs as well as any long-term cost commitments that will be required when soliciting grant funds?
Yes
3. Does the city make a practice of considering the need for the service and calculating operating costs associated with the grants, including depreciation on utility facilities funded with grant monies?
Yes
4. What changes can be made or what compensating controls can be implemented to mitigate shortcomings noted through this assessment?
None identified

ACTIVITY 16: CONTRACTS

1. Does the City have construction-related contracts?
Yes
2. Does the City have non-construction-related contracts?
Yes

ACTIVITY 17: BUDGET

<u>Budget</u>

1. Does the City perform budget amendments prior to June 30 each year?
Yes
2. Is budgetary information included in reports to the Board?
Yes

ACTIVITY 18: INFORMATION SYSTEMS

1. Is the accounting system used by the municipality in compliance with minimum standards of the Comptroller's Office including: the use of fund accounting?
Yes
2. The use of a double-entry system?
Yes

Appendix D: Activities, Objectives, Risks, Policies, and Procedures

Activity 1: Administration and Records

Objective 1: Meet legal and organizational responsibilities

Objective 2: Transparency

Risks:
1. Incomplete or inadequate information is available or provided to users.
2. Records are discarded improperly or before all audit, contractual and legal retention limits are met

Policies:
1. TCA 8-44-101 Sunshine Law
2. TCA 8-44-102 Open Meetings
3. TCA 8-44-103 Notice of Public Meetings
4. TCA 8-44-104 Minutes Required
5. TCA 10-7-503 Records Open to Public Inspection
6. TCA 10-7-702 MTAS Records Retention Schedule
7. TCA 12-4-101 Conflict of Interest
8. TCA 39-14-130 Destruction of Valuable Papers with Intent to Defraud
9. TCA 39-16-504 Destruction of and Tampering with Governmental Records

Procedures:
1. Complete minutes of actions taken by the governing body are maintained in the City's Administration Department. The official minutes are signed and kept together in date order and is easily accessible. The minutes include the following:
   a. copies of all ordinances and resolutions adopted (including utility rates and cut-off policy, tax rates, permit fees, etc.)
   b. copies of the budget and any supplemental appropriations
   c. schedules of personnel appointments and salary rates and changes (In larger municipalities where such information may not be practicably included in the minutes, the minutes are include documentation of (1) all appointments and wage rates that must be set by the board; (2) across the board wage increases; and, (3) the amount of funds allocated to departments to be allocated to employees by the department heads or other designated individual(s). Adequate policies governing authorization of pay increases are to be developed and maintained by the City. Wage and salary rate increases delegated by the board are to be adequately documented in the personnel records.)
   d. copies of bond and revenue anticipation resolutions
   e. authorizations of loans and transfers between funds
   f. notices of public hearings and resulting decisions

g. copies of federal and state grant applications (whether a final award was received or not)
h. summaries of action taken on competitive bids
i. copies of contracts entered into by officials. The City must obtain a written contract for all agreements with other entities or individuals for services received or provided, regardless of whether payment is involved, including the following:
    (1) contract labor and consultant agreements, including computer services, day labor, and similar work
    (2) leases
    (3) rentals
    (4) management agreements
    (5) mutual aid agreements
    (6) franchise agreements
j. purchasing policy
k. expense reimbursement policy

2. The City's Assistant City Recorder/Records reviews legal requirements and retention guides published by Municipal Technical Advisory Service (MTAS) and the Comptroller's office, at least annually, to determine if there have been any changes with regard to records management requirements.

3. With department assistance, the City's Assistant City Administrator/Recorder prepares, at least annually, a detailed list of records that are ready for destruction. The list is to be reviewed by management and approved for destruction. The means of destruction, date, items destroyed, individuals involved, and approval are be adequately documented.

4. The City ensures that, at least annually, a detailed review is made of all known compliance requirements. In addition, a search is to be made to identify all new requirements relevant to the City's operations.

5. The City's Assistant City Administrator/Records reviews codified ordinances to ensure that they are up-to-date.

Activity 2: Human Resources and Payroll

Objective 1: Ensure that the City is in compliance with applicable laws, regulations and policies and maintain adequate documentation of same

Objective 2: Ensure that sufficient qualified personnel are hired

Objective 3: Employee benefits are properly administered

Objective 4: Information is adequately communicated to employees

Objective 5: Ensure that all payroll disbursements are accurately recorded

Objective 6: Ensure that all payroll disbursements are authorized and proper

Objective 7: Information is adequately communicated to employees

Risks:
1. Officials are unaware of legal requirements
2. Documentation is not maintained to demonstrate compliance
3. Records are discarded improperly or before all audit, contractual and legal retention limits are met
4. Employees are unable to perform basic required duties
5. Segregation of duties cannot be achieved
6. Group insurance is not adequately overseen resulting in excessive or additional costs
7. Employees are unaware of requirements or important changes
8. Controls do not prevent or detect errors, thefts, or abuse in a timely manner
9. Employees do not monitor expenditures to ensure that they are allowable resulting in loss, theft and/or penalties
10. Payroll reports for federal reporting are inaccurate resulting in penalties
11. Payroll amounts are improper
12. Compensation of officials is improper

Policies:
1. Federal Labor Standards Act (FLSA)
2. Americans with Disabilities Act
3. City of Franklin Human Resources Manual

Procedures:
1. Adequate policies governing authorization of pay increases are developed and maintained by the City. Wage and salary rate increases delegated by the board are adequately documented in the personnel records.)

2. The City ensures that qualified individuals are hired, and that appropriate training is provided.

3. The City ensures that prospective employees prepare an employee application form listing the applicant's experience, job qualifications, and references.

4. Current information is maintained for each employee. The information, whether maintained in a paper or electronic format, are include the following:
   a. name
   b. mailing address
   c. telephone number
   d. social security number
   e. number of exemptions claimed (from W-4 or W-4E)
   f. marital status and spouse's name, if applicable
   g. date of birth
   h. authorized rate of pay (referenced to the statutory and budgetary authorization)

5. A cumulative employee leave record is maintained for each employee including salaried employees who earn any kind of leave. The record clearly shows all leave of any type earned and taken for each pay period, all paid and unpaid absences, and the current leave balance.

6. Each newly hired employee files a current employment eligibility verification (Form I-9).

7. Adequate provision has been made for the administration of group insurance and other employee benefits.

8. The City ensures that employees are adequately trained and aware of all relevant compliance issues.

9. The City provides policies and procedures for updating files to include the most current requirements as employees become aware of changes.

10. In accordance with Sections 6-54-901 through 6-54-907, Tennessee Code Annotated, the Board has adopted an ordinance to reimburse officials and employees whose salary is set by charter or general law for expenses incidental to holding office.
11. Precise maintenance and centralized control of payroll records is essential, even in the smallest City, because of social and labor legislation and the complex accounting and reporting problems involved.

12. Each employee has a current Internal Revenue Service Form W-4 withholding exemption certificate on file.

13. City ensures employees added to the payroll system are not fictitious.

14. Hourly employees are not paid without a timecard.

15. Timecards are signed and approved.

16. Payroll disbursements are approved.

17. Salaried employees are paid the correct amounts.

18. Hourly employees are paid the correct amount.

19. Payroll expenses are allocated among the appropriate accounts.

20. All payroll disbursements are included in the general ledger.

21 For direct deposit, payroll is uploaded and directly deposited into their accounts. Employees can log in to retrieve their own remittances. For any checks issued, the checks are printed, and signatures embedded in the checks once printed. Checks are reviewed prior to distribution to ensure they are complete and nothing unusual is included.

22. The person who creates the employee is a different person than the person who prints the checks to the employee. In addition, the person who prints the checks to the employee is different than the person who delivers the checks.

23. The City's separation of duties for payroll consists of the following:

Payroll	**HR**	**Employee**	**Dept. Approver**	**Payroll Technician**	**Financial Manager**	**Financial Analyst**	**Financial Analyst**
Enters employee data	X						
Employee time entries		X					
Employee time approvals			X				
Update direct deposit/W-4 changes				X			
Process garnishments				X			
Prepares payroll file for processing				X			
Approves payroll file					X		
Generates payroll checks (as needed)				X			
Initiates direct deposits				X			
ACH processing/bank file				X	X		
Reviews and approves final payroll report					X		
Provides reports to Administration & HR					X		
Process payroll tax payments				X			
Approve payroll tax deposit					X		
Process payorll vendor payments				X			
Approve payroll vendor deposit					X		
Posts payroll to GL						X	
Reconciles payroll liability accounts							X
Scan payroll documents for records retention				X			

Activity 3: Accounting and Financial Reporting

Objective 1: Prepare accurate and timely internal reports necessary to meet legal and organizational responsibilities

Objective 2: Prepare accurate and timely external reports necessary to meet legal and organizational responsibilities

Risks:
1. Incomplete or inadequate information is available or provided to users.
2. Records are discarded improperly or before all audit, contractual and legal retention limits are met
3. Annual report does not include all required statements, schedules, and disclosures

Policies:
1. TCA 6-56-401-408 Certified Municipal Finance Officer
2. TCA 9-2-102 Uniform Accounting System
3. TCA 54-4-204 Street Aid Fund
4. TCA 68-211-874 Sanitation Fund
5. TCA 53-11-415 Drug Fund
6. TCA 7-34-115 Water & Sewer Fund
7. TCA 7-36-401 Water & Sewer Authorized
8. TCA 68-221-1012 Unaccounted for Water
9. City of Franklin Fund Balance Policy

Procedures:
1. The City maintains a complete, self-balancing group of accounts for each fund. The City's accounting includes a general ledger, cash receipts journal, and cash disbursements journal for each fund, as well as subsidiary account records necessary to comply with legal provisions and generally accepted accounting principles and to present the financial position and changes in financial position.

2. The accounting records maintained by the City are consistent with the financial reporting of the City. That is, if the City reports a fund, the accounting records must include a separate fund in which activity is posted throughout the year. Likewise, if the accounting records include a fund in which activity is posted throughout the year, the financial report reflects that fund.

3. Subsidiary ledgers, such as utility accounts receivable listings, are used to maintain individual account transaction details to support the total in the general ledger control (summary) account.

4. The City issues a financial report that conforms to the requirements of the Governmental Accounting Standards Board (GASB) related to an annual comprehensive financial report (ACFR). However, audit reports for municipalities shall, at a minimum, conform to the general report outline as shown below and include the following supplemental information. The schedules required are significantly less than what would be required in an ACFR. Additional requirements and/or clarifications regarding the financial statements and required schedules are identified below.

5. Although GASB permits budgetary information for the general fund and each major special revenue fund to be included as Required Supplementary Information or as basic financial statements, the Comptroller's office requires detailed legally adopted budgetary information for the general fund and each major special revenue fund to be included in the basic financial statements. The auditor's opinion covers this information. Budgetary information for other major funds would be included in supplemental information.

6. In addition to revenues being presented by source (e.g., taxes, intergovernmental revenues, licenses and permits, fines and forfeitures, etc.) as required by generally accepted accounting principles, taxes and intergovernmental revenues are be further detailed by specific source (e.g., property tax, TVA-in lieu of tax, beer tax, gasoline and motor fuel tax, etc.).

7. In addition to being classified by function (or program) and character (e.g., current, capital outlay, debt service and intergovernmental expenditures) as required by generally accepted accounting principles, expenditures are be further detailed by object classes. The detail presented for expenditures must be sufficient to exhibit legal and budgetary requirements (e.g., detail of state street aid fund expenditures: paving, street lighting, mowing, debt service, etc.).

8. The additional detail of revenues by specific source and expenditures by object classes are to be either in the financial and/or budgetary statements or schedules of the major and nonmajor funds or, as additional supplemental schedules. Excessively detailed object classifications for expenditures are be avoided.

9. General Report Outline
- a. Introductory Section
    - i. Table of Contents
    - ii. Letter of Transmittal
    - iii. Roster of Board Members
    - iv. Roster of Management Officials
- b. Financial Section
    - i. Management's Discussion and Analysis
    - ii. Financial Statements including Notes to the Financial Statements
    - iii. Required Supplementary Information (GASB)
    - iv. Supplemental Information
    - v. Schedule of Expenditures of Federal Awards and State Financial Assistance

c. Statistical Tables

10. Supplemental Information:

a. Combining statements for nonmajor governmental and proprietary funds.
b. Combining statements for internal service funds.
c. Combining statements for fiduciary funds (trust funds and agency funds).
d. Individual budgetary schedules for all governmental funds with annual appropriated budgets that were not included as basic financial statements. (The schedule includes three (3) columns, one for the original budgetary amounts, one for the final budgetary amounts, and one for actual expenditures. An additional column is recommended, though not required, to display variances.)
e. Fund information for discretely presented component units that do not issue a separate audit report.

11. Schedules.

(1) A Schedule of Expenditures of Federal Awards and State Financial Assistance. (This schedule is required if the organization has expended any subrecipient funds, regardless of the amount expended. For additional guidelines governing reporting on separate audits of departments, divisions, or funds, please refer to the topical index at Local Government Audit website: https://www.comptroller.tn.gov/office-functions/la/resources/manuals.html
(2) The following schedules are required, if applicable, whether the City issues a ACFR or not (except as otherwise noted). Certain schedules may exceed GASB's minimum requirements; however, the information provided is used by other state departments.
(a) Schedule of Transfers (may be omitted if transfer disclosure in the notes to the financial statements is adequate, i.e., transfers disclosed by individual fund for all major and nonmajor funds).
(b) Schedule(s) of Long-Term Debt, Principal, and Interest Requirements (e.g., bonds, notes, and other long-term debt – by individual issue) by Fiscal Year – All Funds. Schedules are also be included for interfund and intrafund (i.e., between divisions within a utility fund) receivables and payables related to telecommunications, cable, etc.
(c) Uncollected Delinquent Taxes Filed in accordance with applicable laws
(d) Utility Rate Structure and Number of Customers
(e) Unaccounted for Water.
(f) Schedule of Changes in Property Taxes Receivable – By Levy Year (which are tied to the financial statements and may be omitted if an ACFR is issued)
(g) Property Tax Rates and Assessments – Last 10 Years
(h) Additional schedule(s), if necessary, of taxes and intergovernmental revenue by specific source and expenditures by object.

12. In accordance with Section 54-4-204, Tennessee Code Annotated, the City keeps all funds received from the state gasoline tax allocation in a separate fund designated as "State Street Aid Fund". (Although not utilized, the City has received approval from the

Comptroller of the Treasury of the State of Tennessee to account for such funds in the general fund).

13. In accordance with Section 53-11-415, Tennessee Code Annotated, the City of Franklin maintains a special revenue fund (not necessarily a separate bank account) for drug funds.

14. In accordance with Section 68-211-874, Tennessee Code Annotated, the City of Franklin maintains a special revenue fund for its sanitation fund.

15. Municipal utilities are established, operated, and reported in many ways. Regardless of these differences, there are certain accounting and reporting requirements which are consistent. Municipal utilities must be accounted for and reported in such a manner that: the accounting and reporting demonstrates compliance with the requirement to be self-supporting. If each utility is reported in a separate fund, the activities of the utility will be adequately segregated to demonstrate whether the utility is charging rates sufficient to cover all costs of operation. If there is a single utility board and each type of utility service is reported as a division of a fund rather than as individual funds, the basic financial statements must generally be accompanied by additional supplemental schedules. These schedules are present sufficient detail for each of the divisions so that the utility board can demonstrate that each division is self- supporting.

16. The accounting and reporting demonstrates compliance with bond requirements. If revenue bonds are issued, the revenue stream that may be used to secure the debt is generally an individual division.

17. All shared costs are equitably divided among each of the individual divisions or funds.

18. The City ensures that, at least annually, a detailed review is made of all known compliance requirements. In addition, a search is made to identify all new requirements relevant to the City's operations. A review of all relevant compliance issues would include financial reporting requirements.

19. The City ensures the City's Comptroller periodically reviews:
- a. the cash receipts journal, cash disbursements journal, general ledger, and subsidiary ledgers to ensure that they are in balance.
- b. bank statements and the related reconciliations to determine that they are accurate, and all activity is authorized and properly recorded.
- c. journal entries to determine that they are appropriate.

20. The Finance Department compiles, reviews, and summarizes grant information throughout the year to ensure that the schedule of expenditures of federal awards and state financial assistance is complete and accurate.

Activity 4: Fiscal Year End Closing

Objective 1: Timely closing of fiscal year end

Risks:

1. Cash and investments may not be recorded or valued properly.
2. Material year-end receivables/revenues may not be recorded.
3. Material year-end payables/expenses/expenditures may not be recorded.
4. Estimates such as allowance accounts may be inaccurate. What documentation exists to prove the estimate?
5. Capital asset and depreciation accounts may not include material additions and disposals to capital assets.
6. Material debt activity may not be recorded. Have debt proceeds been recorded gross or net of issuance costs?
7. Material payroll activity, including pension liabilities, deferrals, and expense, may not be recorded.
8. Net position may not be properly classified.
9. Significant difficulties (complex new accounting standards, litigation, etc.), delays (grants, construction conflicts, pension data not available, etc.) or problems (computer system problems, key personnel leave, etc.) may be encountered causing data to be unavailable or to otherwise impede closing the books.
10. Who is assigned to gather this information?
11. Who is assigned to review the posting of year-end entries and conversion of balances from modified accrual basis to full accrual basis?
12. Who is responsible for determining compliance with generally accepted accounting principles (GAAP)?
13. What prior-year audit adjustments were considered necessary by auditors?
14. Other related risks.

Policies:

1. TCA 9-2-102 Close Accounting Records Within 60 Days

Procedures:

1. At the beginning of every fiscal year, immediately following the closing of the prior- year books of account, the Finance Department, in coordination with all other departments, will:
   - Review the prior year closing process and identify any difficulties, weaknesses or additional risks that were encountered.
   - Review any matters identified with management to determine whether any changes are required and, if so, oversee the development and design of those changes.
   - Review any new accounting standards and any accounting standards that are being developed that may be issued that will impact the upcoming year end closing.
   - Consider the effects of new laws such as for new taxes.

- Set a tentative timeline for the upcoming year-end closing.
- Communicate the plan to all department heads for dissemination to employees whose work will be impacted by the plan.
- Revisit the plan with all departments near the end of the year.

Activity 5: Audit

Objective 1: Ensure that annual audit is performed

Objective 2: Ensure that annual audit is performed timely

Risks:
1. Not in compliance with state requirements
2. Not in compliance with federal requirements
3. Not in compliance with debt requirements

Policies:
1. TCA 6-56-105 & 8-4-109 Audits Required
2. TCA 9-3-212 Duty to Order and Pay for Audits
3. TCA 9-3-405 Audit Committee
4. TCA 47-10-101-103 Electronic Audit Contract and Audit Report

Procedures:
1. The City ensures that a contract to audit accounts is executed before the end of the fiscal year, to accommodate a timely audit. To facilitate this, an individual is assigned to either begin the contracting process or notify the board when it is time to begin the contracting process, generally at least 3 months prior to the end of the fiscal year. A sample copy of the contract can be found on the web at: https://www.comptroller.tn.gov/office-functions/la/resources/manuals.html

2. The audit contract is expected to be executed through the Comptroller's Contract and Report System (CARS), which can be accessed on the web at: https://apps.cot.tn.gov/CARS/.

3. The City utilizes a request for proposal to evaluate independent audit firms. A sample request for proposal can be accessed on the web at: https://www.comptroller.tn.gov/office-functions/la/resources/manuals.html

4. The City performs year-end closing activities necessary to produce financial reports for audit purposes are be concluded as soon after the fiscal year end as is practicable.

3\. The City's management takes responsibility for the annual financial report. Auditors for the City cannot maintain their independence under current standards if The City can't take responsibility for the annual financial report.

4\. The annual financial report is to be submitted through CARS by the audit firm in an electronic format. The format is to be user friendly, which includes the use of bookmarks, internal document links, or other similar features.

Activity 6: Cash on Hand

Objective 1: Ensure that petty cash is secure and properly accounted for

Objective 2: Change funds are secure and properly accounted for

Risks:
1. Petty cash could be used for unauthorized purposes
2. Petty cash transactions are not properly recorded
3. Petty cash is not maintained at a fixed amount or is commingled with other receipts
4. Responsibility for petty cash is not clearly established
5. Change funds are not monitored resulting in loss of money, inappropriate use of money, excessive or inadequate cash on hand

Procedures:
1. The City ensures that petty cash accounts are authorized by the governing body and checks are written to the petty cash custodian to establish the petty cash fund. Each such "account" consists of an authorized, fixed sum of money set aside as an asset for the purpose of making miscellaneous purchases and making advances for emergency travel needs.

2. Petty cash disbursements are made only as needed and that an invoice/receipt accompanied by a petty cash voucher, prepared in ink, showing the items purchased, and signed by the person receiving the cash, is required in each case. The amount of cash on hand and petty cash vouchers and related invoices/receipts written must total to the originally authorized amount of the funds.

3. When the available cash has been reduced to an amount insufficient to meet routine requirements, a check is written to replenish the cash. The check, made payable to the petty cash custodian, are be delivered to the petty cash fund cashier to be cashed at the bank. The total amount reimbursed will be separated into amounts to be charged to each of the applicable expenditure accounts.

4. Someone other than the person responsible for handling the petty cash fund inspects, approves, dates, initials, and marks each voucher "PAID" to prevent reuse. The City enforces the following restrictions:

    a. The petty cash fund is to be maintained at the lowest amount possible and are to be replenished only after the strictest scrutiny of all supporting documentation for the petty cash disbursements.
    b. Under no condition is the petty cash fund to be commingled with personal funds of a city official or employee or used to cash personal checks or to make advances to employees.

c. Since checks to replenish the petty cash fund are charged to the expense accounts represented by the petty cash vouchers, the only entries to the petty cash fund asset account would be to establish the fund, increase or decrease the fund, or to close the fund.
d. Receipts from vending machines and other miscellaneous services are to be recorded and deposited like other revenue and not maintained as a petty cash fund or used for miscellaneous purposes.

5. An established amount is maintained for change. Collections are to be reconciled each day and amounts over or short, if any, are be accounted for in the accounting records and deposited if applicable (in the accounting records as a revenue for over and as an expense/expenditure for short). Established change funds are never be used to absorb amounts over or short.

Activity 7: Cash in Bank

Objective 1: Ensure that all cash balances are adequately insured or collateralized

Objective 2: Cash flow forecasts are accurate so that investment returns can be maximized, and cash shortfalls can be avoided

Risks:
1. Cash balances exceed insured limits and are not properly collateralized, which could result in loss of funds
2. Adequate information is not available to forecast cash flows or inaccurate information is used resulting in incorrect forecasts

Policies:
1. TCA 6-56-110 Deposits to be Secured by Collateral
2. TCA 9-1-107 Deposits Exceeding Insurance Limits
3. TCA 9-4-101 Collateral

Procedures:
1. Bank statements are reconciled with the cash balances presented in the accounting records (general ledger). Bank reconciliations are be prepared within 30 days after the bank statements are received from the bank. Canceled checks must be retained on file with the applicable bank statements for future reference and audit purposes and are not be filed with paid invoices or purchase authorizations.

2. NOTE: Although by state law canceled checks must be maintained, because of current national legislation canceled checks may not be available. If imaged statements are issued, the City are require the bank to include both the front and back of each check and deposit slip and require that the images be of such quality and size that they are clearly legible.

3. If a City wishes to use on-line banking, they will need to confirm with the bank that they have a method in place that requires transactions to be authorized by two individuals before they can be processed. If the bank does not have a method that effectively requires two individuals' authorizations to execute a transaction, the City are not use on- line banking for payments.

4. When imaged copies are not included with the bank statement, the City either requests the bank to send the copies to the City, download copies from the bank's website, or determine an alternative way to obtain adequate supporting documentation for canceled checks and deposit slips.

5. Any alternative must meet the following criteria: (1) be cost effective; and (2) provide timely access to the documentation. Additionally, front and back copies are required

regardless of the method used to obtain the copies or the format of the copies (paper or electronic).

6. The City ensures that bank accounts are classified as "public" accounts. If any other classification is used, the accounts will not be considered eligible for collateralization. If the depository is a part of the Bank Collateral Pool, accounts not identified as "public" will not be included in calculating collateral requirements of the Pool and money may not be adequately secured.

7. The City complies with state statutes governing collateralization of municipal deposits. These statutes generally require collateralization of 105 percent (105%) on all deposits above the FDIC/FSLIC insured amounts. Personnel in depository institutions and the City's attorney are be consulted to determine that collateral agreements, trustee custodian agreements, and the type of security being held is in accordance with all applicable legal provisions.

8. In 1995, the State of Tennessee Treasury Department implemented the Bank Collateral Pool as an efficient, cost effective, and safe alternative for securing public funds. Participation in the Collateral Pool relieves the City of most of the responsibility for ensuring collateral compliance since the collateral function is centralized in the State Treasurer's Office. For additional information regarding collateral requirements and the State of Tennessee Bank Collateral Pool, municipalities may contact the State Treasurer's Office, Division of Cash Management, (615) 532-1168 or visit their website at https://treasury.tn.gov/.

9. Check cashing for checks drawn on accounts other than those owned by the City, salary advances and similar activities are not in the best interest of the City and require the City to accept a certain level of risk of nonpayment. To avoid taking additional unnecessary risks, municipalities are not to engage in such practices.

Activity 8: Investments

Objective 1: Investments are authorized, provide maximum returns with minimum risks and comply with legal requirements

Objective 2: Ensure that all investments are accurately recorded

Objective 3: Ensure that all investments are authorized and comply with all internal and external restrictions

Objective 4: Investments are adequately safeguarded

Risks:
1. Investments are not in compliance with state and local laws or are not as profitable or the risk of loss of funds is excessive
2. Investments are not properly timed or monitored resulting in lost revenue or early withdrawal fees
3. Negotiable investments are not adequately safeguarded
4. Investments are not recorded properly, or in inaccurate amounts
5. Investments are not authorized in accordance with applicable restrictions
6. Investments have not been properly approved by the Comptroller
7. Investments exceed risk thresholds set by the Board
8. Investments are not maximizing earnings
9. Penalties are incurred due to early withdrawal to meet cash flow demands
10. Investments are misappropriated

Policies:
1. TCA 6-56-106 Authorized Investments
2. City of Franklin Investment Policy

Procedures:
1. The City ensures that investments of municipal money maximize earnings and comply with state statutes and municipal investment policies. Investment options include savings accounts, certificates of deposit, short-term treasury bills and certificates, deposits in the Tennessee Local Government Investment Pool, etc. Additional guidance regarding investments can be found at https://treasury.tn.gov/Investments/Investment-Management/Local-Government-Investment-Pool.

2. The City's investment policy addresses the City's strategies, goals, and procedures. The policies and procedures include, but are not be limited to:
   - authorizing individuals (purchasing, selling, roll-over, physical security)
   - investment types

- requirement to annually review laws and regulations to determine if there are changes that affect the City
- cash forecasting requirements in determining investment options
- requirement to deposit investment proceeds, including cash received from matured certificates of deposit, into municipal accounts.
- investments that must be approved by the Comptroller (repurchase agreements), including Comptroller approved forms.

3. Personnel maintain an investment record card or a similar record listing the essential features of each investment, including the following:
   a. date of purchase
   b. description (or bank name) and identification number of each security
   c. interest rate
   d. original cost
   e. fund or funds providing the excess cash for investment
   f. maturity date of the investment
   g. date of and amount at termination (cashing) of investment and use of proceeds (reinvestment, deposit into municipal bank accounts, etc.)

Activity 9: Receipting

Objective 1: Ensure that all cash receipts are accurately recorded and adequately safeguarded

Risks:
1. Cash could be misappropriated, lost, or stolen
2. Cash collections could be manipulated to cover shortages
3. Cash collections are not accurately posted to the accounting records

Policies:
1. TCA 4-4-108 Blanket Surety Bond Required
2. TCA 6-56-111 Deposit Within 3 Working Days
3. TCA 9-2-103-104 Consecutively Pre-Numbered Receipts Required
4. TCA 9-2-106 Violation of Receipt Requirements is a Class C Misdemeanor
5. City of Franklin Receiving and Depositing Cash Policy

Procedures:
1. Electronic funds confirmation receipts are kept for all receipts.

2. Cash is physically received

3. Cash received is properly logged, reconciled to deposit, and reviewed

4. All revenue received is deposited.

5. Cash received is properly logged, reconciled to the deposit, and reviewed.

6. Receipts are reviewed before deposit to ensure they belong to the City.

7. Receipts in check form must be payable to the City.

8. Receipts are recorded as revenue when earned.

9. The amounts of the receipts are recorded correctly in the GL.

10. The type of receipt is recorded in the correct revenue account in the GL.

11. All revenue received or to which the entity is entitled is recorded.

12. The person who receives the cash is different person than the person who records the receipt in the GL and is a different person than the person who deposits the receipts in the bank.

13. The City's separation of duties for receipting is as follows:

Receipting	Cashier	Office Manager	Financial Technician
Maintain Separate Cash Drawer	X		
Stamp over-the-counter Checks and Money Orders "For Deposit Only"	X		
Issue sequentially numbered Receipts for Over-the-counter receipts.	X		
Combine checks, money orders, and credit card receipts from all drawers. Make a list of the receipts and total.		X	
Verify deposit amount with Check Out Sheets		X	
Revenue Management Makes Deposit Intact			X
Attach the Deposit Receipt from Bank to Lists and file for audit.			X

Activity 10: Purchasing not pertaining to the design and/or construction of new infrastructure and facilities

Objective: Ensure that all purchases are authorized and proper

Risks:
1. Purchases are not authorized or exceed available budgeted amounts or are not for a municipal purpose
2. Bids are not solicited for purchases exceeding bid limits which can result in the best price/product not being obtained

Policies:
1. T.C.A. § 6-56-301 *et seq.* (Municipal Purchasing Law of 1983)
2. T.C.A. § 12-3-1201 *et seq.* (Public Purchases – Local Governments)
3. T.C.A. § 62-6-101 *et seq.* (Contractors Licensing Act of 1994)
4. T.C.A. § 12-4-101 Personal Interest of Officers Prohibited
5. City ordinance on "Public advertisement and competitive bidding" (F.M.C. § 5-502)
6. City ordinance on "Debarment and Suspension" (F.M.C. § 5-1001 *et seq.*)
7. City ordinance on "Disposal of surplus personal property" (F.M.C. § 5-801 *et seq.*)
8. City ordinance on code of ethics (F.M.C. § 1-801 *et seq.*)
9. City of Franklin Purchasing Policy as most recently adopted by resolution of the Board of Mayor and Aldermen

Procedures:

1. The City of Franklin ("City") Purchasing Policy shall apply to the purchase of materials, supplies, vehicles, and equipment, the purchase of services other than those pertaining to the design and/or construction of new infrastructure and facilities, and to secure leases and lease-purchases and to dispose of and transfer surplus personal property for the proper conduct of the City's business.

2. Departments shall be responsible for purchases and project valued less than $25,000.

3. Departments shall use pricing established pursuant to citywide or statewide contracts if and as available.

4. Departments shall advise the Purchasing Office and the Finance Department as to the method of payment that best meets the needs of the City, but payment by electronic means (either direct deposit, such as ACH or ETF or purchasing card) shall be the default method of payment.

5. Before placing an order for any non-emergency purchase valued at or greater than $10,000, departments shall prepare and submit a requisition, on the form prescribed by the Purchasing Office, and await approval thereof. For orders for emergency purchases valued at or greater than $10,000, the requisition may be completed with 10 calendar days after placing the order.

6. Purchases valued less than $25,000 but not less than $10,000 shall not be made unless and until, wherever possible, the Department shall have obtained and forwarded to the Purchasing Manager competitive pricing quotations from at least 3 vendors in writing.

7. All foreseeable purchases valued at less than $10,000 should not be made unless and until the Department Head or his or her authorized representative is satisfied that the purchase is fairly priced and not more than what would be expected in the current market place. The Department Head should obtain multiple competitive pricing quotations in writing.

8. Within 10 calendar days of receipt of items ordered, Department shall be responsible for verifying that the items conform to the order. The process for taking delivery of items is as follows:
   a. Inspect the goods for good condition.
   b. Verify that all operating manuals and warranty card are included in delivery.
   c. Verify that the number of items ordered has been delivered.
   d. Ensure that the purchase of capital assets of the City has been properly reported.

9. Departments shall be responsible for reviewing, approving, and allocating to the proper budget code all invoices submitted for payment.

10. It shall be the responsibility of each Department to allow time for competitive solicitation, ordering and delivery pursuant to this Purchasing Policy.

11. No employee shall make any indication that he/she will recommend a particular product for purchase, bind the city to a specific vendor, or make representation as to his/her authority to bind the City by contract when such is not the case.

12. The Purchasing Manager shall assist all Departments in purchasing operating materials, supplies, vehicles, equipment, and services.

13. The Purchasing Manager must approve purchases amounting to $10,000 or more.

14. The Board of Mayor and Aldermen must approve purchases amounting to $25,000 or more.

15. The Purchasing Manager shall advocate the purchase of required products and services only from either the lowest responsible and responsive bidder or from the bidder whose proposal is most advantageous to the City.

16. The Purchasing Manager shall advise the Departments about the source and availability of products and services needed.

17. The Purchasing Manager shall provide current vendor files available for use and review by Departments.

18. The Purchasing Manager, shall obtain prices on comparable items

19. The Purchasing Manager shall provide vendor lists, prepare Purchase Orders, and maintain orderly files.

20. The Purchasing Manager shall be alert for new sources for improved products and services.

21. The Purchasing Manager shall assist in the preparation of specifications.

22. The Purchasing Manager shall prepare all legal notices for competitive solicitations.

23. The Purchasing Manager shall pursue consolidating the purchase of as many products and services as economically possible.

24. The Purchasing Manager shall be responsible for disposing the City's surplus personal property of any value by means of a competitive process and in compliance with City ordinance.

25. The Purchasing Manager shall investigate complaints from Departments of poor performance by vendors or inferior products.

26. The Purchasing Manager shall be responsible for administering and overseeing the City's Purchasing Card program.

27. The Purchasing Manager shall be responsible for following this Purchasing Policy and the Municipal Purchasing Law of 1983, as amended.

28. Approximately every six months, the Purchasing Manager shall solicit confirmation by the City's respective department heads or designees of the accuracy of the current list of City employees who have been issued active fleet fuel driver identification numbers (a.k.a. fleet fuel driver PINs) with which to purchase fuel for the City's fleet. 18.

29. Approximately every twelve months, the Purchasing Manager shall solicit confirmation by the City's respective department heads or designees of the accuracy of the current list of active City fleet fuel vehicle cards with which to purchase fuel for the City's fleet. 19.

30. Approximately every six months, the Purchasing Manager shall solicit confirmation by the City's respective department heads or designees of the accuracy of the current list of active City purchasing cards.

31. Separation of duties in the Purchasing function consist of the following:

Duty	City Administrator	Assistant City Asministrator	Purchasing Manager / Procurement Officer IV	Procurement Officer III / II	Procurement Officer I	Departmnet Head or Designee
Receiver Requisition from Departments for Purchase			x	x	x	
Approved the Requisition	x	x	x			
Issue the Purchase Order for Goods/Services Based on Approved Requisition			x	x	x	
Record Purchase Orders Against Departmental Budget			x	x	x	
Authorize Personnel to Make Purchases and/or Be Issued a City Purchasing Card						x
Receive Ordered Goods/Services						x
Sign and Code Invoice Indicating the Goods/Services Were Received and Submit Receiving Ticket to Purchasing Office						x
Match Receiving Ticket and Invoice to Purchase Order and Change Status of PO in Accounting System			x	x	x	
Submit Payment-ready Paperwork to A/P			x	x	x	x
Determin the Disposition of Any Outstanding Purchase Orders			x	x		

Activity 11: Disbursements

Objective 1: Ensure that all disbursements are for municipal purposes

Objective 2: Ensure that all disbursements are accurately recorded

Objective 3: Ensure that all disbursements are authorized and proper

Objective 4: Ensure that payments are timely

Risks:
1. Disbursements are not for a municipal purpose and inappropriate or unauthorized disbursements could be made
2. Disbursements are recorded to the wrong accounts or for the wrong amounts
3. Disbursements are not authorized or exceed available budgeted amounts or are not for a municipal purpose
4. Disbursements are unnecessary
5. Disbursements are for goods that were never received
6. Disbursements do not comply with legal or contractual restrictions, and may be required to be returned to the grantor
7. Duplicate payments occur
8. Penalties have to be paid

Policies:
1. TCA 6-56-111(c) Consecutive Pre-numbered Checks
2. TCA 6-56-112 Expenditures for a Lawful Municipal Purpose
3. City of Franklin Disbursements Policy

Procedures:

1. Disbursements cannot be processed without an approved invoice (on unit price purchases up to $10,000), or an approved an approved requisition and 3 quotes on unit price purchases between $10,000 and $25,000, or an approved PO with 3 bids and BOMA approval on unit price purchases above $25,000.

2. Duplicate invoices cannot be entered into the system to ensure duplicate payments cannot be posted to the general ledger.

3. All disbursements are approved by an authorized individual and the approval is documented.

4. Payments are for goods and/or services to which the entity is entitled and have been received.

5. Review of checks before distribution are completed.

6. The amount approved for payment on the invoice agrees to the payment posted in the GL.

7. There is segregation of duties between the individual who posts the entry and the individual who approves the posting.

8. Entries are posted in the correct period.

9. Invoices are footed and recalculated. Evidence of this is documented on the invoice.

10. Disbursements are properly classified in the correct GL accounts.

11. All checks disbursed are included in the GL.

12. A voided check log is kept and gaps in check sequences are investigated.

13. Checks are locked in a cabinet.

14. Check printing software requires token to be inserted into computer to print signatures on checks.

15. The City's separation of duties for disbursements is as follows:

Disbursements	Department Approver	Financial Technician or Analyst	AP Technician	Financial Manager	Financial Analyst	Financial Analyst
Approve invoices	X					
GL/Budget coding	X					
Submits new vendor form/W-9	X					
Submits invoices to Finance for payment	X					
Set-up new vendor		X				
Inputs invoice batches			X			
Prepares AP Report for review			X			
Reviews & approves final AP report				X		
Creates EFT pay file			X			
Approves EFT pay file				X		
Prints checks			X			
Distributes EFT/Checks		X	X			
Scans AP documents for record retention			X			
Posts disbursements to GL					X	
Reconciles AP liabiity account					X	

Activity 12: Employee Travel and Reimbursements

Objective 1: Ensure that travel disbursements are authorized and proper

Risks:
1. Travel payments are improper

Policies:
1. TCA 6-54-901 Expense Reimbursements Incident to Holding Office
2. TCA 6-54-903 Filing of Travel Policy
3. City of Franklin Travel and Expense Policy

Procedures:
1. Most travel is paid by purchasing card.

2. The reconciliation of the travel expenses is to be completed no more than 10 days after the travel is completed. Even for accountable plans, there are payroll tax consequences for travel claims that are not submitted within a reasonable period after the travel.

3. Sections 6-54-901 through 6-54-907, Tennessee Code Annotated, the Board has adopted an ordinance to reimburse officials and employees whose salary is set by charter or general law for expenses incidental to holding office. The law requires that a written travel policy be enacted setting forth what expenses are reimbursable and how they are be reimbursed. Expenses for reimbursement must be reported on a standardized form in sufficient detail to determine allowability. In addition, adequate documentation must be required and maintained to support the expense report.

4. Minutes of actions taken by the Board include the travel and expense reimbursement policy.

Activity 13: Capital Assets and Inventory

Objective 1: Ensure that all assets are properly recorded

Objective 2: Ensure that all assets are adequately safeguarded

Objective 3: Ensure that inventory is necessary and reasonable

Risks:
1. Inventory and capital assets are not recorded or are valued incorrectly
2. Obsolete inventory or retired capital assets are still recorded
3. Inventory, capital assets and moveable, high-risk, sensitive property are misappropriated or lost
4. Inadequate insurance is maintained, and the City is susceptible to losses beyond its ability to pay
5. Inventory levels are excessive
6. Inventory items are not available when needed

Policies:

Procedures:
1. The City requires that all capital assets be identified (tagged or marked) and recorded immediately following the purchase of such items. Vehicles and equipment (backhoes, mowers, etc.) are to have the City's name or seal clearly displayed. The asset records are to be retained at the City and are to include up-to-date purchase and disposal information. An annual physical inventory is to be performed, documented, and reconciled to the property records. Capital assets acquired with grant funds are identified to ensure that they are maintained, accounted for, and disposed of in accordance with the terms of the grant.

2. The City requires that a record of moveable, high-risk, sensitive property, such as TVs, cameras, chainsaws, tools, lawn mowers, and small office machines, as well as furnishings and works of art, be established, and maintained. An annual physical inventory is performed and documented in the City's records. All such items are be tagged or marked to identify them as municipal property immediately following the purchase of such items.

3. The City has established useful lives of water and wastewater systems. The Tennessee Wastewater Financing Board has adopted the following guidelines for evaluating the useful lives of assets of water and wastewater systems. The useful lives of assets do not exceed the appropriate guidelines listed below:

Asset Account	Years
Office Furniture and Fixtures	10
Office Building	40

Equipment and Tools	10
Transportation Equipment	5
Pumps and Treatment Equipment	10
Well/Dam	Engineer's Estimate
Plant Buildings	40
Lines and Storage	40-50
Sewer System	40-50

4. City departments provide the Risk Management office of Human Resources with capital asset information to ensure it is adequately insured. The Risk Management office annually analyzes risk exposure, assesses the City's ability to absorb losses and structure the City's insurance purchases accordingly.

5. The City has procedures that provide safeguards for inventories of materials and supplies. These procedures include the following:
   a. a requirement to inspect and count each incoming materials and supplies delivery, with the receiver signing each invoice as received and accepted
   b. a requirement that all materials and supplies are stored in designated areas that are protected against unauthorized withdrawals and other losses
   c. a requirement that scrap materials that have a known salvage value are safeguarded until sold and that the proceeds from the sale of scrap are handled in the same manner as other cash receipts
   d. inventory levels to be maintained
   e. a requirement that work orders be used to support usage (reduction) of inventory balances (e.g., utility pipe, meters, etc.).

Activity 14: Debt

Objective 1: Ensure that information for debt is in compliance with legal requirements.

Objective 2: Ensure that debt disbursements are authorized and proper

Risks:
1. Debt payments are improper

Policies:
1. TCA 9-21-408 Interfund Loans
2. 9-21-601 Capital Outlay Notes
3. 9-21-903 Refunding Bond Issues
4. 9-21-130 Debt Management Policy required by State Funding Board
5. City of Franklin Debt Management Policy

Procedures:
1. The City ensures that its credit is not given or loaned to or in aid of any person, company, association or corporation except upon an election to be first held by the qualified voters of such county, city, or town and the assent of three- fourths of the votes cast at said election. An example of such credit is loans to private corporations.

2. The City ensures all debt instruments are maintained in a secure location and are available for inspection, audit, and planning purposes.

3. Before entering into a debt agreement, the Board (as documented in the minutes) and the Comptroller (Division of Local Finance) have approved or reported on the issuance of the loan or bond.

4. The City ensures any interfund or interdivisional loans are approved by the Comptroller's office.

5. The City ensures reserve accounts are established as required by the loan agreement.

6. The City ensures debt payments are made on a timely basis.

7. If the debt involves federal loan funds, the City includes such funding on its schedule of federal and state assistance and informs the audit firm of such funding.

8. The City's Chief Financial Officer and City's Comptroller are assigned to review, at least annually, contracts, bond covenants, laws and regulations regarding debt to ensure that the City is in compliance with all current debt provisions and that new provisions have been identified to ensure on-going compliance.

9. The City's Chief Financial Officer and City's Comptroller maintain information regarding debt issues and the related amortization schedules to ensure that information necessary for note disclosure and supplemental schedules is readily available, complete, and accurate.

10. Minutes of actions taken by the governing body include copies of bond and revenue anticipation resolutions

11. Minutes of actions taken by the governing body are include authorizations of loans and transfers between funds

12. The City's Chief Financial Officer and City's Comptroller maintain information regarding debt issues and the related amortization schedules to ensure that information necessary for note disclosure and supplemental schedules is readily available, complete, and accurate.

13. The City ensures that continuing debt disclosure occurs each year. This includes material events during the year and the filing of the annual report within 6 months of fiscal year end.

Activity 15: Grants

Objective 1: Ensure that information for federal grants is in compliance with Federal statutes, regulations, and terms and conditions of the Federal award.

Objective 2: Ensure that debt disbursements are authorized and proper

Risks:
1. Information is incomplete, inaccurate, and/or unavailable
2. Information is not able to be audited

Policies:
1. CFR 200.303 Internal Controls for Recipients of Federal Awards
2. Standards for Internal Control in the Federal Government (Comptroller General of U.S.)
3. Internal Control Integrated Framework (COSO)
4. OMB Uniform Guidance: Cost Principles, Audit, and Administrative Requirements for Federal Awards

Procedures:
1. Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.

2. Evaluate and monitor the non-Federal entity's compliance with statutes, regulations and the terms and conditions of Federal awards.

3. Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

4. Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive or the non-Federal entity considers sensitive consistent with applicable Federal, state, local, and tribal laws regarding privacy and obligations of confidentiality.

5. The Finance Department compiles, reviews, and summarizes grant information throughout the year to ensure that the schedule of expenditures of federal awards and state financial assistance is complete and accurate.

6. One of the most significant activities of any City is purchasing. There are many laws and regulations, federal, state, and local, that govern how a City may make purchases and the purposes for which money may be expended. Additional constraints are imposed by grant agreements.

7. The City ensures that the City’s purchasing policy designates persons authorized to make purchases who have the authority to determine that when related to grant contracts, meets the requirements of the grant contract.

8. Minutes of actions taken by the governing body are include copies of federal and state grant applications (whether a final award was received or not)

9. The City ensures that, at least annually, a detailed review is made of all known compliance requirements. In addition, a search is made to identify all new requirements relevant to the City's operations. A review of all relevant compliance issues would include federal and state grant requirements

Activity 16: Contracts

Objective 1: Ensure that information for contracts is in compliance with Federal statutes, regulations, and terms and conditions of the Federal award.

Objective 2: Ensure that contract disbursements are authorized and proper

Risks:
1. Information is incomplete, inaccurate, and/or unavailable
2. Information is not able to be audited

Policies:
1. TCA 6-54-107 Officers Interest in Municipal Contracts Prohibited
2. TCA 12-4-106 Contracts for Professional Services

Procedures:
1. Minutes of actions taken by the Board include copies of contracts entered into by officials. The City obtains a written contract for all agreements with other entities or individuals for services received or provided, regardless of whether payment is involved, including the following:
    - contract labor and consultant agreements, including computer services, day labor, and similar work
    - leases
    - rentals
    - management agreements
    - mutual aid agreements
    - cable or other franchise agreements

Activity 17: Budget

Objective 1: Ensure that information for budget is in compliance with Federal statutes, regulations, and terms and conditions of the Federal award.

Risks:
1. Information is incomplete, inaccurate, and/or unavailable
2. Information is not able to be audited

Policies:
1. TCA 6-56-201 Municipal Budget Law of 1982

Procedures:
1. One of the most significant activities of any City is purchasing. There are many laws and regulations, federal, state, and local, that govern how a City may make purchases and the purposes for which money may be expended. Additional constraints are imposed by budgets.

2. Minutes of actions taken by the governing body include copies of the budget and any supplemental appropriations

3. The City ensures that, at least annually, a detailed review is made of all known compliance requirements. In addition, a search is made to identify all new requirements relevant to the City's operations. A review of all relevant compliance issues would include budgeting and expenditures requirements.

4. Detailed pay rate listings by employee classification are included as supplementary schedules to support salary appropriations in the budget.

Activity 18: Information Systems

Objective 1: Ensure that information is complete, accurate, and available to only authorized individuals

Risks:
1. Information is incomplete, inaccurate, and/or unavailable
2. Unauthorized access occurs, resulting in distribution of confidential information and or data being corrupted
3. Information is not able to be audited

Policies:
1. City of Franklin Computer Use Policy

Procedures:
1. For software to be adequate for use by a City, the following minimum controls must be present.
   a. The software must produce an unalterable audit trail.
   b. The software must generate a new receipt number when a transaction is voided (no reuse or renumbering of receipts are be permitted)

2. Controls must be in place to reasonably ensure that developers have not left "back doors" that can be used to alter code, output, etc.

3. The City ensures that:
   a. controls are in place to ensure that only authorized individuals have access to electronic data and municipal computers (this would include passwords, access limitations, procedures to revoke authorization when employment is terminated, etc.).
   b. backups are made of all data on a regular basis and are securely stored off-site.

4. When acquiring and utilizing computer programs for accounting, billing, and other activities the City are ensure that proper evaluation and testing on the software is performed. Without proper evaluation and testing this creates unknown risks to the City. When evaluating applications that are nationally recognized this will often require less additional testing than those that are internally developed, contracted for development, or are less widely used. That is not to imply that nationally recognized applications are more reliable than others, they have just been subjected to broader testing. The broader testing of a nationally recognized application may be considered by municipalities in determining if additional testing is necessary. Municipalities are not to assume that a computer application is functioning properly without proper evaluation; therefore, documentation is to be maintained on file to document the City's evaluation of the application. For applications that are modified at a later date, additional testing and evaluation will be necessary at that time.

5. The City's IT Director and Assistant Director review relevant computer programs to determine whether they need to be updated, upgraded, or modified.

Activity 19: Billing

Objective: Ensure that billings are complete and accurate

Risks:
1. Billings do not include all customers
2. Billings have bills with calculation errors

Policies:
1. City of Franklin Title 18 (Water and Sewers)
2. City of Franklin Title 17 (Refuse and Trash Disposal)
3. City of Franklin Title 23 (Stormwater Management)
4. City of Franklin Title 24 (Special Assessment Districts)

Procedures:
The Billing Department is responsible for the management of the City's utility billing customer file and the preparation and delivery of all bills. Beyond the established procedures and experienced staff, there are notable internal control reviews that are performed with each billing cycle; each month; and, on an as needed basis (at least annually).

Billing Cycle Review

Review and edit procedures exist for each billing Cycle, include:

Reading Review at Account Level (Raw input review prior to bill run)
- Monthly consumption volume changes are reviewed for variances:
    - High and Higher
    - Low and Lower
    - Acceptable
    - Missing Readings
    - Zero Consumption Readings
    - Negative Consumption
    - Consumption on Inactive Accounts

Review at Bill Run
- Identify system exceptions (accounts unable to bill), correct exceptions, rerun and re-review.

Bill Run Edit Reports –
- An output review reports of:
    - Top 100 Accounts
    - New Accounts
    - Final (Terminated) Accounts
    - Billed Prior Month Not This Month

Monthly Reviews

- Cycle billing register totals and counts are recorded by month and compared to prior months.
- Review all accounts with three months of consecutive zero consumption.

Annual Reviews

At least annually, Revenue Management will:

- Obtain a list of all City addresses from City records and reconcile it to the billing system to determine that all service addresses are being billed.

- Obtain billing registers from Water Districts (3) for whom we provide sewer service and compare their dollar amounts billed for water to our amounts billed for sewer for billing computation verification.

Appendix E: Approval of Updated Documentation

The City of Franklin adopted its Documentation of Internal Controls on April 26, 2016, per Resolution 2016-18. It was later amended on June 26, 2018 per Resolution 2018-52 for updates from the Finance, Purchasing, and Revenue Management departments.

The documentation creates no new policies. It simply documents the City's current internal control objectives and assessment of the risks inherent in achieving these objectives.

In June 2020, BOMA authorized the City Administrator (Resolution 2020-105) to update the documentation going forward so that it can remain consistent with policies and other approved changes.

Per Resolution 2020-105, I approve the updated documentation of internal controls for the City of Franklin on the preceding pages.

________________________________ ____________________________

City Administrator Date

RECOMMENDED UPDATES TO DOCUMENTATION OF INTERNAL CONTROLS (JUNE 2021)			
Page(s)	Purpose	Current Documentation	Recommended Documentation (highlighted in document)
Contents	Update Appendices	Appendix C was City of Franklin Organization Chart	remove from documentation
Contents	Update Appendices	Appendix D was City of Franklin Insurance Coverages	remove from documentation
Contents	Update Appendices	Appendix E was Internal Control Risk Assessment	move to Appendix C
Contents	Update Appendices	Appendix F was Activities, Objectives, Risks, Policies, and Procedures	move to Appendix D
6	Update wording to reflect documentation was approved by June 30, 2016.	The Board will approve by resolution the City's internal control documentation by June 30, 2016.	The Board approved by resolution the City's internal control documentation in April 2016.
6	Update wording to reflect frequency of reports	The Budget and Finance Committee receives quarterly reports. Monthly reports are available upon request.	The Budget and Finance Committee receives monthly and quarterly reports.
8	Update link to webpage of City's vision.	www.performance.franklintn.gov	https://www.franklintn.gov/government/departments-a-j/administration
18	Update link to State's webpage to report fraud.	http://www.tn.gov/comptroller/ca/fraudreport.htm	https://comptroller.tn.gov/content/dam/cot/la/documents/fraudreportingform.pdf
37-38	Update wording for payroll procedures to match those used in most recent (2020) annual audit.	Procedures used in 2016 were in general terms.	Payroll procedures (13 through 23) match procedures reviewed in most recent (2020) annual audit.
40-41	Update name and abbreviation of annual report of governments.	comprehensive annual financial report (CAFR)	annual comprehensive financial report (ACFR)
41	Update link to State's webpage for Local Government Audit (formerly known as Municipal Audit).	http://tn.gov/comptroller/ma/reference.htm	https://www.comptroller.tn.gov/office-functions/la/resources/manuals.html
45	Update link to State's sample contract to audit accounts.	http://tn.gov/comptroller/ma/contract.htm	https://www.comptroller.tn.gov/office-functions/la/resources/manuals.html
45	Update link to State's audit contract system.	https://www.comptroller1.state.tn.us/RA_Upload/	https://apps.cot.tn.gov/CARS/
45	Update link to State's sample request for proposals for audit firms.	http://tn.gov/comptroller/ma/auditmanual.htm	https://www.comptroller.tn.gov/office-functions/la/resources/manuals.html
49	Update link to State Treasurer for bank collateral pool.	http://www.tn.gov/treasury/	https://treasury.tn.gov/
50	Update link to State Treasurer for investment guidance.	http://tn.gov/comptroller/lf/	https://treasury.tn.gov/Investments/Investment-Management/Local-Government-Investment-Pool
52	Update wording for receipting procedures to match those used in most recent (2020) annual audit.	Procedures used in 2016 were in general terms.	Receipting procedures match procedures reviewed in most recent (2020) annual audit.
54-57	Update wording for purchasing procedures to match those used in most recent (2020) annual audit.	Procedures used in 2016 were in general terms.	Purchasing procedures 1 - 27 and 31 match procedures reviewed in most recent (2020) annual audit.
56	Add Purchasing procedures for fleet driver cards, fleet fuel cards, and purchasing cards.	Not in current documentation.	Purchasing procedures 28 - 30 added.
58-59	Update wording for disbursements procedures to match those used in most recent (2020) annual audit.	Procedures used in 2016 were in general terms.	Disbursements procedures match procedures reviewed in most recent (2020) annual audit.
Contents and 73	Add Appendix E and page for City Administrator approval of updated documentation.	Not in current documentation.	Page includes signature and date lines for City Administrator to approve on behalf of BOMA per Resolution 2020-105.

CITY OF FRANKLIN

3RD QUARTER REPORT

FY 2021

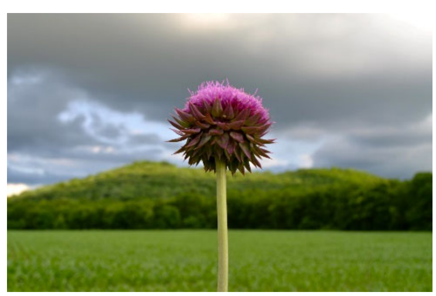
Excellence *Innovation* *Teamwork* *Integrity* *Action-Oriented*

TABLE OF CONTENTS

Executive Summary

Quarter Ended March 31, 2021

- The General Fund shows a current year surplus of $10.9 million.
- In the General Fund, local sales taxes are 5.3% higher than last year.
- State shared taxes are up 22.9% as the business tax due date was not delayed in FY 2021 as it was in FY 2020. (March business tax was over $2 million.)
- For development fees that are dependent on timing and type of development are being compared to 2020:
    - building permit revenue is 6.1% higher than 2020.
    - road impact fees are 41.1% less than last year.
    - facilities taxes are 6.6% less than last year.
- In the Street Aid Fund, gasoline taxes are 4.7% lower.
- In the Stormwater Fund, fees are 0.1% lower than 2020.
- In the Hotel/Motel Tax fund, taxes are 45.4% less than last year.
- Grant Revenue is higher in General Fund, Sanitation Fund, Stormwater Fund, Water/Sewer Fund, and Wastewater due to the Governor's state grant and the CARES Act in response to COVID.



All Funds Summary

Fund	Beg Fund Balance	Revenue	Expenditures	End Fund Balance	Change	Fund Summary on Page
General	$53,216,286	$60,336,230	$49,391,376	$64,161,140	$10,944,855	3
Street Aid	$601,819	$3,028,234	$2,557,525	$1,072,528	$470,709	4
Sanitation & Envir. Services.	$1,066,081	$7,754,235	$7,489,612	$1,330,704	$264,623	5
Road Impact	$22,442,977	$5,612,769	$3,307,369	$24,748,377	$2,305,400	6
Facilities Tax	$10,694,849	$2,185,823	$2,873,319	$10,007,353	($687,496)	7
County Facilities Tax	$3,673,984	$674,650	$125,000	$4,223,634	$549,650	8
Stormwater	$2,695,401	$2,001,699	$1,862,220	$2,834,880	$139,479	9
Drug	$520,472	$139,675	$79,690	$580,456	$59,984	10
Hotel/Motel	$7,503,829	$1,642,795	$3,750,242	$5,396,383	($2,107,446)	11
Parkland Dedication	$8,236,553	$697,300	$1,361,850	$7,572,003	($664,550)	12
Transit	$817,912	$2,159,790	$2,096,592	$881,110	$63,198	13
CDBG	$113,066	$331,657	$330,407	$114,316	$1,250	14
Debt Service	$804,607	$14,926,053	$14,589,156	$1,141,504	$336,897	15
Capital Projects - Fund 310 (Multi-Purpose)	$9,815,410	$3,988,884	$3,582,615	$10,221,679	$406,269	16
Capital Projects - Fund 312 (2019 Bonds)	$24,675,694	$68,239	$5,744,188	$18,999,745	($5,675,949)	17
Water & Wastewater Operations	*	$60,272,664	$64,514,659	*	($4,241,995)	18
Water & Wastewater Dev. Fees	*	$3,061,249	$2,077,629	*	$983,620	19

General Fund

	Current YTD Actuals	Prior YTD Actual	Percent Current YTD to Prior YTD	Budget	Percent Current YTD to Budget
Revenues					
Local Sales Tax	$28,736,677	$27,298,092	105.3%	$34,761,586	82.7%
State Shared Taxes	10,288,235	8,370,417	122.9%	11,078,638	92.9%
Property Taxes	8,536,751	7,902,665	108.0%	8,413,579	101.5%
Alcohol Taxes	3,693,528	3,517,138	105.0%	4,453,767	82.9%
Grants	3,714,181	785,545	472.8%	3,660,648	101.5%
Franchise Fees	2,173,836	2,212,559	98.2%	2,495,185	87.1%
Building Permits	1,397,830	1,316,981	106.1%	1,739,284	80.4%
Court Fines & Fees	208,839	323,339	64.6%	372,711	56.0%
In Lieu of Tax (Local)	273,282	227,285	120.2%	221,990	123.1%
Interest Income	67,537	1,086,706	6.2%	438,750	15.4%
Other Revenues	1,245,535	1,643,308	75.8%	1,825,603	68.2%
Fund Balance Allocation	0	0	0.0%	2,786,481	0.0%
Total Revenues	***60,336,231***	***54,684,035***	***110.3%***	***72,248,222***	***83.5%***
Expenditures:					
Salaries & Wages	26,987,583	27,739,826	97.3%	37,737,780	71.5%
Employee Benefits	10,389,720	9,408,449	110.4%	17,004,663	61.1%
Utilities	1,535,626	1,526,714	100.6%	2,209,867	69.5%
Contractual Services	2,966,748	3,272,587	90.7%	4,047,542	73.3%
Repair & Maintenance Services	1,543,467	1,518,519	101.6%	2,456,445	62.8%
Reimbursement from Other Funds	(3,080,975)	(2,821,985)	109.2%	(4,114,586)	74.9%
Transfers To Other Funds	2,033,940	6,069,751	33.5%	2,033,940	100.0%
Capital	2,051,381	730,452	280.8%	2,490,195	82.4%
Other Expenditures	4,963,886	6,997,493	70.9%	8,382,376	59.2%
Total Expenditures	***49,391,376***	***54,441,806***	***90.7%***	***72,248,222***	***68.4%***
Total Unallocated Funds	***10,944,855***	***242,229***	***4,518.4%***	***0***	***0.0%***

FUND SUMMARY

- Grants are significantly higher than last year because of the money the City received from the Governor's state grant and the CARES Act in response to COVID.
- Local sales taxes are 5.3% higher over last year.
- State shared taxes are up 22.9% as the business tax due date was not delayed in FY 2021 as it was in FY 2020. (March business tax was over $2 million.)
- Alcohol Taxes are 5% higher over last year.
- Building permit revenue is 6.1% more than 2020. (Development fees are dependent on timing and type of development.)

Street Aid Fund

	Current YTD Actuals	Prior YTD Actual	Percent Current YTD to Prior YTD	Budget	Percent Current YTD to Budget
Revenues					
Beginning Fund Balance	$601,819	$496,410	121.2%	$601,819	100.0%
State Shared Taxes	1,968,268	2,064,557	95.3%	2,485,811	79.2%
Property Taxes	809,178	779,036	103.9%	786,314	102.9%
Interest Income	788	48,494	1.6%	7,500	10.5%
Transfer From General Fund	250,000	250,000	100.0%	250,000	100.0%
Total Revenues	***3,630,053***	***3,638,497***	***99.8%***	***4,131,444***	***87.9%***
Expenditures:					
Repair & Maintenance Services	2,557,335	1,766,739	144.7%	3,619,749	70.6%
Capital	190	0	0.0%	0	0.0%
Other Expenditures	0	722	0.0%	0	0.0%
Total Expenditures	***2,557,525***	***1,767,461***	***144.7%***	***3,619,749***	***70.7%***
Total Unallocated Funds	***1,072,528***	***1,871,036***	***57.3%***	***511,695***	***209.6%***

FUND SUMMARY

- In the Street Aid Fund, gasoline taxes are 4.7% lower.
- Expenditures are higher in FY2021 due to focus on secondary road resurfacing during the 1st quarter. During the 3rd quarter, emergency resurfacing of several roads occurred due to the snow and ice in February. These roads include North Royal Oaks, Oxford Glen, Market Street, and General George Patton.

Sanitation Fund

	Current YTD Actuals	Prior YTD Actual	Percent Current YTD to Prior YTD	Budget	Percent Current YTD to Budget
Revenues					
Beginning Fund Balance	$1,066,081	$1,957,563	54.5%	$1,066,081	100.0%
Grants	14,327	0	0.0%	0	0.0%
Interest Income	193	10,616	1.8%	0	0.0%
Sanitation Collection Services	4,129,077	4,037,947	102.3%	5,760,085	71.7%
Tipping Fees	3,025,683	2,697,674	112.2%	3,691,851	82.0%
Transfer From General Fund	150,000	0	0.0%	150,000	100.0%
Other Revenues	434,955	228,294	190.5%	1,007,841	43.2%
Total Revenues	***8,820,316***	***8,932,094***	***98.7%***	***11,675,858***	***75.5%***
Expenditures:					
Salaries & Wages	1,648,244	1,767,494	93.3%	2,201,104	74.9%
Employee Benefits	898,296	864,816	103.9%	1,158,469	77.5%
Utilities	57,590	59,648	96.5%	105,188	54.7%
Contractual Services	52,218	81,739	63.9%	141,000	37.0%
Repair & Maintenance Services	386,554	337,402	114.6%	579,100	66.8%
Transfers To Other Funds	209,064	208,278	100.4%	209,064	100.0%
Capital	317,559	1,189,360	26.7%	785,000	40.5%
Other Expenditures	3,920,087	3,818,129	102.7%	4,751,750	82.5%
Total Expenditures	***7,489,612***	***8,326,866***	***89.9%***	***9,930,675***	***75.4%***
Total Unallocated Funds	***1,330,704***	***605,228***	***219.9%***	***1,745,183***	***76.3%***

FUND SUMMARY

- Collection services revenue is 2.3% higher than last year.
- Tipping fee revenue is 12% higher than last year.
- Other Revenues are 90.5% higher than last year due to Blue Bin Revenue, which began being collected in December 2019. Beginning March 2021, many of the $4/month recycling fees are ending due to those citizens who began the program in March 2020 and paid through February 2021.
- Other Expenditures are 2.7% higher than last year due to increase cost for Landfill and Biosolids, but still on track with the budget.

Road Impact Fund

	Current YTD Actuals	Prior YTD Actual	Percent Current YTD to Prior YTD	Budget	Percent Current YTD to Budget
Revenues					
Beginning Fund Balance	$22,442,977	$16,589,763	135.3%	$22,442,977	100.0%
Interest Income	58,377	637,874	9.2%	50,000	116.8%
Road Impact Fees	5,554,392	9,426,332	58.9%	4,500,000	123.4%
Total Revenues	***28,055,746***	***26,653,969***	***105.3%***	***26,992,977***	***103.9%***
Expenditures:					
Contractual Services	839,731	1,123,021	74.8%	3,000,000	28.0%
Debt Service Payments	0	84,939	0.0%	0	0.0%
Transfers To Other Funds	2,423,670	4,564,758	53.1%	2,799,778	86.6%
Capital	43,968	52,312	84.0%	0	0.0%
Total Expenditures	***3,307,369***	***5,825,030***	***56.8%***	***5,799,778***	***57.0%***
Total Unallocated Funds	***24,748,377***	***20,828,939***	***118.8%***	***21,193,199***	***116.8%***

FUND SUMMARY

- Road impact fees are 41.1% less than last year but are higher than budgeted at the end of the 3rd Quarter. (These revenues are dependent on timing and type of development.)

Facilities Tax Fund

	Current YTD Actuals	Prior YTD Actual	Percent Current YTD to Prior YTD	Budget	Percent Current YTD to Budget
Revenues					
Beginning Fund Balance	$10,694,849	$15,091,277	70.9%	$10,694,849	100.0%
Interest Income	24,833	401,109	6.2%	50,000	49.7%
Facilities Taxes	2,160,990	2,313,759	93.4%	1,250,000	172.9%
Total Revenues	***12,880,672***	***17,806,145***	***72.3%***	***11,994,849***	***107.4%***
Expenditures:					
Utilities	3,393	0	0.0%	0	0.0%
Contractual Services	9,598	22,868	42.0%	0	0.0%
Repair & Maintenance Services	10,830	192	5,641.5%	0	0.0%
Transfers To Other Funds	0	1,483,942	0.0%	0	0.0%
Capital	2,620,371	4,862,790	53.9%	1,532,000	171.0%
Other Expenditures	229,127	182,495	125.6%	44,480	515.1%
Total Expenditures	***2,873,319***	***6,552,287***	***43.9%***	***1,576,480***	***182.3%***
Total Unallocated Funds	***10,007,353***	***11,253,858***	***88.9%***	***10,418,369***	***96.1%***

FUND SUMMARY

- Facilities taxes are 6.6% less than last year. (These revenues are dependent on timing and type of development.)
- Most of the capital expense incurred is for fire station 7 construction.

County Facilities Tax Fund

	Current YTD Actuals	Prior YTD Actual	Percent Current YTD to Prior YTD	Budget	Percent Current YTD to Budget
Revenues					
Beginning Fund Balance	$3,673,984	$3,958,958	92.8%	$3,673,984	100.0%
Interest Income	9,346	100,132	9.3%	15,000	62.3%
Facilities Taxes	665,304	717,870	92.7%	625,000	106.4%
Total Revenues	***4,348,634***	***4,776,960***	***91.0%***	***4,313,984***	***100.8%***
Expenditures:					
Transfers To Other Funds	125,000	1,285,000	9.7%	125,000	100.0%
Total Expenditures	***125,000***	***1,285,000***	***9.7%***	***125,000***	***100.0%***
Total Unallocated Funds	***4,223,634***	***3,491,960***	***121.0%***	***4,188,984***	***100.8%***

FUND SUMMARY

- This fund was created to account for facilities taxes received from the County.
- Facilities taxes are 7.3% less than last year but over budget by 6.4% for the year.
- The Transfer was made to Capital Projects for the Franklin Special School District Sidewalk Project.

Stormwater Fund

	Current YTD Actuals	Prior YTD Actual	Percent Current YTD to Prior YTD	Budget	Percent Current YTD to Budget
Revenues					
Beginning Fund Balance	$2,695,401	$3,800,010	70.9%	$2,695,401	100.0%
Grants	1,307	0	0.0%	0	0.0%
Interest Income	5,510	82,403	6.7%	37,500	14.7%
Stormwater Fees	1,810,089	1,811,015	99.9%	2,450,000	73.9%
Other Revenues	184,793	99,638	185.5%	160,000	115.5%
Total Revenues	***4,697,100***	***5,793,066***	***81.1%***	***5,342,901***	***87.9%***
Expenditures:					
Salaries & Wages	842,011	867,111	97.1%	1,162,827	72.4%
Employee Benefits	417,955	380,551	109.8%	591,876	70.6%
Utilities	17,711	23,799	74.4%	36,959	47.9%
Contractual Services	44,968	122,916	36.6%	117,381	38.3%
Repair & Maintenance Services	86,693	70,550	122.9%	144,058	60.2%
Capital	72,245	1,210,728	6.0%	1,273,500	5.7%
Other Expenditures	380,637	445,762	85.4%	686,057	55.5%
Total Expenditures	***1,862,220***	***3,121,417***	***59.7%***	***4,012,658***	***46.4%***
Total Unallocated Funds	***2,834,880***	***2,671,649***	***106.1%***	***1,330,243***	***213.1%***

FUND SUMMARY

- Stormwater fees collected are 0.1% lower than last year and on track per the budget.

Drug Fund

	Current YTD Actuals	Prior YTD Actual	Percent Current YTD to Prior YTD	Budget	Percent Current YTD to Budget
Revenues					
Beginning Fund Balance	$520,472	$438,184	118.8%	$520,472	100.0%
Interest Income	3,524	7,478	47.1%	5,995	58.8%
Drug Fines Received	38,971	29,930	130.2%	78,843	49.4%
Other Revenues	97,179	42,512	228.6%	137,117	70.9%
Total Revenues	***660,146***	***518,104***	***127.4%***	***742,427***	***88.9%***
Expenditures:					
Capital	0	0	0.0%	60,000	0.0%
Other Expenditures	79,690	68,929	115.6%	57,500	138.6%
Total Expenditures	***79,690***	***68,929***	***115.6%***	***117,500***	***67.8%***
Total Unallocated Funds	***580,456***	***449,175***	***129.2%***	***624,927***	***92.9%***

FUND SUMMARY

- Drug fine collections are 30.2% more than last year. This revenue is dependent on court actions.

Hotel/Motel Tax Fund

	Current YTD Actuals	Prior YTD Actual	Percent Current YTD to Prior YTD	Budget	Percent Current YTD to Budget
Revenues					
Beginning Fund Balance	$7,503,829	$7,671,058	97.8%	$7,503,829	100.0%
State Shared Taxes	60,266	0	0.0%	0	0.0%
Interest Income	13,575	230,553	5.9%	25,000	54.3%
Hotel/Motel Taxes	1,568,955	2,871,103	54.6%	1,960,259	80.0%
Total Revenues	***9,146,625***	***10,772,714***	***84.9%***	***9,489,088***	***96.4%***
Expenditures:					
Contractual Services	0	19,986	0.0%	0	0.0%
Repair & Maintenance Services	0	185	0.0%	0	0.0%
Debt Service Payments	0	24,589	0.0%	0	0.0%
Transfers To Other Funds	2,455,034	2,058,456	119.3%	2,669,654	92.0%
Capital	214,286	421,740	50.8%	214,286	100.0%
Other Expenditures	1,080,922	574,580	188.1%	1,080,243	100.1%
Total Expenditures	***3,750,242***	***3,099,536***	***121.0%***	***3,964,183***	***94.6%***
Total Unallocated Funds	***5,396,383***	***7,673,178***	***70.3%***	***5,524,905***	***97.7%***

FUND SUMMARY

- Hotel/Motel tax collections are 45.4% less than last year.
- Other Expenditures are 88.1% higher than last year due to the Cool Springs Conference Center Operations.

Parkland Dedication Fund

	Current YTD Actuals	Prior YTD Actual	Percent Current YTD to Prior YTD	Budget	Percent Current YTD to Budget
Revenues					
Beginning Fund Balance	$8,236,553	$8,005,878	102.9%	$8,236,553	100.0%
Interest Income	17,268	268,476	6.4%	18,750	92.1%
Parkland Dedication Fees	680,032	1,464,200	46.4%	750,000	90.7%
Total Revenues	***8,933,853***	***9,738,554***	***91.7%***	***9,005,303***	***99.2%***
Expenditures:					
Transfers To Other Funds	1,361,850	1,451,508	93.8%	1,361,850	100.0%
Total Expenditures	***1,361,850***	***1,451,508***	***93.8%***	***1,361,850***	***100.0%***
Total Unallocated Funds	***7,572,003***	***8,287,046***	***91.4%***	***7,643,453***	***99.1%***

FUND SUMMARY

- Expenditures are budgeted from this fund in 2021 to fund the Capital Project Fund.

Transit Fund

	Current YTD Actuals	Prior YTD Actual	Percent Current YTD to Prior YTD	Budget	Percent Current YTD to Budget
Revenues					
Beginning Fund Balance	$817,912	$817,649	100.0%	$817,912	100.0%
Grants	1,225,142	932,397	131.4%	2,025,152	60.5%
Interest Income	2,124	31,580	6.7%	0	0.0%
Transit Fares	22,990	57,506	40.0%	140,000	16.4%
Transfer From General Fund	903,034	1,003,371	90.0%	903,034	100.0%
Other Revenues	6,500	7,300	89.0%	9,700	67.0%
Total Revenues	***2,977,702***	***2,849,803***	***104.5%***	***3,895,798***	***76.4%***
Expenditures:					
Capital	205,629	165,370	124.3%	510,000	40.3%
Other Expenditures	1,890,963	1,929,056	98.0%	2,740,679	69.0%
Total Expenditures	***2,096,592***	***2,094,426***	***100.1%***	***3,250,679***	***64.5%***
Total Unallocated Funds	***881,110***	***755,377***	***116.6%***	***645,119***	***136.6%***

FUND SUMMARY

- Transit has needed 100% of the budgeted operating subsidy by the end of the 2nd quarter. Grant revenues are anticipated during the year to stay within the budgeted total transfer.

CDBG Fund

	Current YTD Actuals	Prior YTD Actual	Percent Current YTD to Prior YTD	Budget	Percent Current YTD to Budget
Revenues					
Beginning Fund Balance	$113,066	$100,451	112.6%	$113,066	100.0%
Grants	330,407	232,453	142.1%	513,000	64.4%
Interest Income	1,250	11,399	11.0%	312	400.7%
Total Revenues	***444,723***	***344,303***	***129.2%***	***626,378***	***71.0%***
Expenditures:					
Contractual Services	64,736	88,317	73.3%	150,000	43.2%
Repair & Maintenance Services	0	113,672	0.0%	149,000	0.0%
Other Expenditures	265,671	30,464	872.1%	214,000	124.1%
Total Expenditures	***330,407***	***232,453***	***142.1%***	***513,000***	***64.4%***
Total Unallocated Funds	***114,316***	***111,850***	***102.2%***	***113,378***	***100.8%***

FUND SUMMARY

- 64% of budgeted expenditures have been incurred. Grant revenues offset the expenditures incurred.

Debt Service Fund

	Current YTD Actuals	Prior YTD Actual	Percent Current YTD to Prior YTD	Budget	Percent Current YTD to Budget
Revenues					
Beginning Fund Balance	$804,607	$372,887	215.8%	$804,607	100.0%
Property Taxes	10,918,504	10,958,447	99.6%	10,714,755	101.9%
Interest Income	16,735	137,944	12.1%	25,000	66.9%
Rebate on BAB/RZEDB Bonds	0	333,953	0.0%	0	0.0%
Transfer From General Fund	94,896	2,500,000	3.8%	94,896	100.0%
Transfer from Sanitation Fund	209,064	208,278	100.4%	209,064	100.0%
Transfer from Road Impact Fund	2,423,670	2,224,343	109.0%	2,730,825	88.8%
Transfer from Hotel/Motel Tax Fund	1,063,184	1,065,586	99.8%	1,281,604	83.0%
Transfer from Water & Sewer Fund	200,000	200,000	100.0%	200,000	100.0%
Total Revenues	***15,730,660***	***18,001,438***	***87.4%***	***16,060,751***	***97.9%***
Expenditures:					
Debt Service Payments	14,589,156	17,156,711	85.0%	15,331,144	95.2%
Total Expenditures	***14,589,156***	***17,156,711***	***85.0%***	***15,331,144***	***95.2%***
Total Unallocated Funds	***1,141,504***	***844,727***	***135.1%***	***729,607***	***156.5%***

FUND SUMMARY

- The Debt Service Fund shows a current year surplus of $1.1 million. The surplus will decrease as it is used to fund debt service payments due in the 4th quarter.

Capital Projects Fund 310 (Multi-Purpose)

	Current YTD Actuals	Prior YTD Actual	Percent Current YTD to Prior YTD	Budget	Percent Current YTD to Budget
Revenues					
Beginning Fund Balance	$9,815,410	$2,009,957	488.3%	$0	0.0%
Grants	447,569	1,602,420	27.9%	0	0.0%
Interest Income	26,605	238,727	11.1%	0	0.0%
Transfer From General Fund	636,010	2,316,380	27.5%	0	0.0%
Transfer from Road Impact Fund	0	2,340,415	0.0%	0	0.0%
Transfer from Hotel/Motel Tax Fund	1,391,850	992,870	140.2%	0	0.0%
Other Revenues	1,486,850	4,280,450	34.7%	0	0.0%
Total Revenues	***13,804,294***	***13,781,219***	***100.2%***	***0***	***0.0%***
Expenditures:					
Contractual Services	329,186	69,793	471.7%	0	0.0%
Capital	2,510,119	1,596,349	157.2%	0	0.0%
Other Expenditures	743,310	1,101,827	67.5%	0	0.0%
Total Expenditures	***3,582,615***	***2,767,969***	***129.4%***	***0***	***0.0%***
Total Unallocated Funds	***10,221,679***	***11,013,250***	***92.8%***	***0***	***0.0%***

FUND SUMMARY

- The fund contains the expenditures for city projects. Some of these projects include Mack Hatcher Multi-Use Trail, Southeast Multipurpose Park, and State Route 96 West Trail.

Capital Projects Fund 312 (2019 Bonds)

	Current YTD Actuals	Prior YTD Actual	Percent Current YTD to Prior YTD	Budget	Percent Current YTD to Budget
Revenues					
Beginning Fund Balance	$24,675,694	$30,466,890	81.0%	$0	0.0%
Grants	77,385	0	0.0%	0	0.0%
Interest Income	(9,146)	1,124,728	(0.8%)	0	0.0%
Other Revenues	0	618,690	0.0%	0	0.0%
Total Revenues	***24,743,933***	***32,210,308***	***76.8%***	***0***	***0.0%***
Expenditures:					
Contractual Services	100,591	27,948	359.9%	0	0.0%
Repair & Maintenance Services	0	136,849	0.0%	0	0.0%
Capital	2,788,450	4,220,081	66.1%	0	0.0%
Other Expenditures	2,855,147	1,187,010	240.5%	0	0.0%
Total Expenditures	***5,744,188***	***5,571,888***	***103.1%***	***0***	***0.0%***
Total Unallocated Funds	***18,999,745***	***26,638,420***	***71.3%***	***0***	***0.0%***

FUND SUMMARY

- The fund accounts for the proceeds received from a bond issued in May 2019. Some of these projects include Franklin Road, McEwen Phase 4, and Ladder 3.

Water/Sewer Operations

	Current YTD Actuals	Prior YTD Actual	Percent Current YTD to Prior YTD	Budget	Percent Current YTD to Budget
Revenues					
Grants	$316,897	$0	0.0%	$0	0.0%
Interest Income	66,941	879,103	7.6%	346,950	19.3%
Customer Service	25,889,025	23,816,655	108.7%	32,157,864	80.5%
Loan Proceeds	31,942,735	27,792,435	114.9%	0	0.0%
Other Revenues	2,057,066	1,517,665	135.5%	26,800	7,675.6%
Total Revenues	***60,272,664***	***54,005,858***	***111.6%***	***32,531,614***	***185.3%***
Expenditures:					
Salaries & Wages	3,476,833	3,448,085	100.8%	4,633,953	75.0%
Employee Benefits	1,751,148	1,884,280	92.9%	2,471,623	70.9%
Utilities	1,300,366	1,326,348	98.0%	1,562,354	83.2%
Contractual Services	1,483,915	970,577	152.9%	1,619,500	91.6%
Repair & Maintenance Services	372,441	352,320	105.7%	416,550	89.4%
Debt Service Payments	1,755,978	1,775,208	98.9%	2,772,084	63.3%
Lease Payments	854,529	459,672	185.9%	245,975	347.4%
Transfers To Other Funds	200,000	920,000	21.7%	200,000	100.0%
Capital	45,196,776	34,283,397	131.8%	7,034,000	642.5%
Other Expenditures	8,122,673	6,994,030	116.1%	10,331,238	78.6%
Total Expenditures	***64,514,659***	***52,413,917***	***123.1%***	***31,287,277***	***206.2%***
Total Unallocated Funds	***(4,241,995)***	***1,591,941***	***(266.5%)***	***1,244,337***	***(340.9%)***

FUND SUMMARY

- Customer service revenue is 8.7% higher than last year.
- Loan Proceeds reflects funds received from the State of Tennessee Revolving Loan Program for Improvements to the City's Wastewater Treatment Plant.

Water/Sewer Development Fees

	Current YTD Actuals	Prior YTD Actual	Percent Current YTD to Prior YTD	Budget	Percent Current YTD to Budget
Revenues					
Interest Income	$27,465	$347,443	7.9%	$0	0.0%
Customer Service	40,500	20,832	194.4%	0	0.0%
Impact Fees	2,991,254	2,443,504	122.4%	0	0.0%
Other Revenues	2,030	(8,990)	(22.6%)	0	0.0%
Total Revenues	***3,061,249***	***2,802,789***	***109.2%***	***0***	***0.0%***
Expenditures:					
Debt Service Payments	2,040,738	2,123,333	96.1%	0	0.0%
Capital	36,823	600	6,137.2%	0	0.0%
Other Expenditures	68	140	48.2%	0	0.0%
Total Expenditures	***2,077,629***	***2,124,073***	***97.8%***	***0***	***0.0%***
Total Unallocated Funds	***983,620***	***678,716***	***144.9%***	***0***	***0.0%***

FUND SUMMARY

- Access fees and system development fees are 22% higher than last year. (These revenues are also dependent on timing and type of development.)

On the Horizon

July 2021

Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

August 2021

Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

September 2021

Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

Thursday, July 8, 2021	No Budget and Finance Committee Meeting is scheduled.
Thursday, August 12, 2021	Budget and Finance Committee Meeting.
Thursday, September 9, 2021	Budget and Finance Committee Meeting.

Finance Department

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109 3rd Avenue South

Tel 615-791-1457

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franklintn.gov

CITY OF FRANKLIN
3RD QUARTER REPORT 2021
EXECUTIVE SUMMARY

Comparison to Last Year (March 2020)

In March 2020, the General Fund was essentially in a breakeven position with $54 million in revenues and expenditures.
In March 2021, the General Fund has a surplus of over $10 million, with $5 million more revenues and $5 million less expenditures.

Sources of $5 million more revenues

(1)	$1,439,000	Additional local sales tax.
(2)	$585,000	Additional state shared taxes (state sales tax)
(3)	$1,204,000	Additional state sales tax (business tax)(in 2020, the State postponed the due date)
(4)	$626,000	Additional property tax.
(5)	$1,816,000	State appropriation grant. (No expenditure requirement.)
(6)	$1,132,000	CARES Act (COVID emergency) grant. (For expenditures from FY 2020.)
(7)	($1,020,000)	Less interest income as investments with higher rates matured in 2020.
(8)	($130,000)	Less other revenue
	$5,652,000	More revenues than FY 2020

Uses of $5 million less expenditures

(1)	($750,000)	Less wages from vacancies and overtime.
(2)	($2,400,000)	Less transfers to debt service in 2021. (2020 included $2,500,000 toward swap payoff.)
(3)	($1,700,000)	Less transfers to capital projects fund in 2021.
(4)	$1,300,000	More capital in 2021. $1 million for police vehicles.
(5)	($1,500,000)	Less other expenditures during COVID period. 2020 included $600,000 for Spivey Tract.
	($5,050,000)	Less expenditures than FY 2020

Comparison to Last Quarter (December 2020)

In December 2020, the General Fund was in a surplus position of over $6 million
In March 2021, the General Fund surplus has increased by $4 million to over $10 million.

Sources/Uses of increased surplus in 3rd Quarter

(1)	$9,150,000	Local Sales Tax
(2)	$2,640,000	State Shared Taxes (business tax)(In 2020, the State postponed the due date)
(3)	$1,825,000	State Shared Taxes (sales tax)
(4)	$790,000	Franchise Fees
(5)	$3,050,000	Other Revenue
(6)	($8,170,000)	6 payrolls in quarter
(7)	($3,130,000)	Benefits in quarter
(8)	($1,610,000)	Operations in quarter
(9)	$0	No Transfers (Transit subsidy was at maximum in 2nd quarter.)
(10)	($360,000)	Capital in quarter
	$4,185,000	Increase in surplus in 3rd quarter

HISTORIC
FRANKLIN
TENNESSEE

City of Franklin

Monthly Reports for June 2021

EXECUTIVE SUMMARY

Schedule 1: Local Sales Tax (March 2021)

The local sales tax remittance from the State of Tennessee for March 2021 sales (received by the City in May 2021) was $3,595,329 compared to $2,744,230 for the same month in 2020, a monthly year over year increase of $851,099 or 31.0%.

The year-to-date increase over last fiscal year is 5.3%.

Schedule 2: Building Permits (April 2021)

2021 year-to-date is more than 2020 by 5.2%, and compared to 2021 budget is more by 5.3%.

Schedule 3: Road Impact Fees * (April 2021)

Combined 2021 year-to-date compared to 2020 is 42.4% less, and compared to 2021 budget is more by 60.7%. By quadrant, Arterial Area 2021 year-to-date compared to 2020 is 44.4% less, and compared to 2021 budget is more by 40.0%. Coll Area 1 2021 year-to-date compared to 2020 is 25.5% less, and compared to 2021 budget is more by 176.5%; Coll Area 2 2021 year-to-date compared to 2020 is 50.2% less, and compared to 2021 budget is more by 298.5%; Coll Area 3 2021 year-to-date compared to 2020 is 11.8% less, and compared to 2021 budget is more by 19.0%; Coll Area 4 2021 year-to-date compared to 2020 is 50.6% less, and compared to 2021 budget is less by 85.0%.

Schedule 4: Facilities Tax (City) * (April 2021)

2021 year-to-date compared to 2020 is 8.6% less, and compared to 2021 budget is more by 125.9%.

Schedule 5: Facilities Tax (County) * (April 2021)

2021 year-to-date compared to 2020 is 1.5% less, and compared to 2021 budget is 50.6% more.

Schedule 6: Gasoline Taxes (State Street Aid Fund) (March 2021)

The gasoline tax remittance from the State of Tennessee for March 2021 sales (received by the City in May 2021) was $222,536 compared to $228,263 for the same month in 2020, a decrease of $5,727 or 2.5%.
For budget comparisons, the City anticipated collections of $207,151 for March 2021, a difference of $15,385 more, or 7.4%. The year-to-date decrease from last fiscal year is 4.7%.

Schedule 7: Hotel/Motel Tax (March 2021)

2021 year-to-date compared to 2020 is 45.4% less, and compared for 2021 budget is less by 46.4%.

Schedule 8: Conference Center (April 2021)

The City's ½ share of the gain for April 2021 was $43,488. In April 2020, the City's ½ share of the loss was $32,937.

Schedule 9: City of Franklin Grants (March 2021)

The City currently has forty-four (44) Grants totaling $74.1 million with $42.8 million remaining to be spent.

*** Fees collected from Road Impact and Facilities Tax assessments are one time revenues used to fund infrastructure improvements and are highly dependent upon timing of development.**

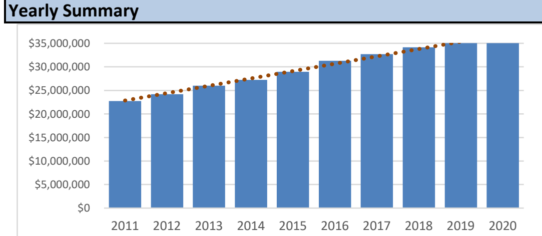
City of Franklin
Finance Department - Monthly Reports

Schedule 1:	**Local Sales Tax**	**Fund**	**General**	**Account:**	**110-31300-00000**

Summary: Tennessee Code Annotated 67-6-702 authorizes the levy of a local sales tax. The maximum rate authorized is 2.75%. The current rate increased from 2.25% to the maximum of 2.75% effective April 1, 2018. The tax is applied only to the first $1,600 of any single article of personal property. The City receives 1/2 of the 2.75% rate collected within the City. Williamson County receives the other 1/2, plus an administrative fee of 1% of the City's 1/2 of the tax. Beginning with April 2018 taxes, the City contributes its share of the .5% increase to the County's School Debt Service. The County withholds the contribution for school debt service from the amount remitted to the City. Finance will track the 36 month contribution period, to end with March 2021 sales (to be received in May 2021).

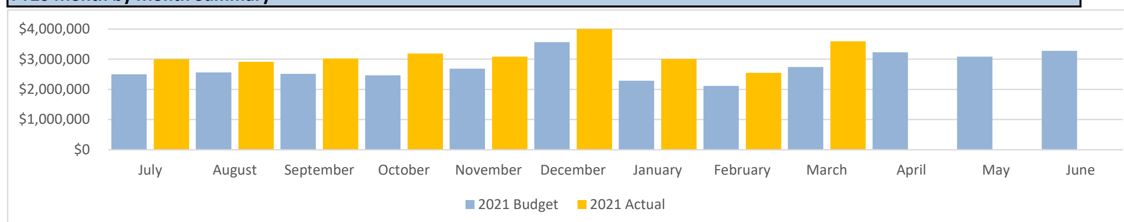
Monthly Report for June 2021: The local sales tax remittance from the State of Tennessee for March 2021 sales (received by the City in May 2021) was $3,595,328 compared to $2,744,230 for the same month in 2020, a monthly year over year increase $851,098, or 31.0% less. May receipts (March sales) are the ninth month of the FY 2021 fiscal year for both the City of Franklin and the State of Tennessee.
The additional local option sales tax rate of 0.50%, for a total local rate of 2.75%, became effective April 1, 2018. The City of Franklin has pledged its 2nd half share of this additional tax to School Debt Service for a period of 3 years. For March 2021, the final month, the funds foregone by the City and contributed to Schools is $789,223. Total contribution to date to Schools from the City's portion is $22,472,809.

Yearly Summary



Fiscal Year	Amount	$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year	Contribution to County School Debt .5% Apr 2018-Mar 2021
2011	$22,720,666	$1,750,845	8.3%	
2012	$24,197,413	$1,476,747	6.5%	
2013	$25,995,733	$1,798,320	7.4%	
2014	$27,254,742	$1,259,009	4.8%	
2015	$28,943,994	$1,689,252	6.2%	
2016	$31,309,366	$2,365,372	8.2%	
2017	$32,694,268	$1,384,902	4.4%	
2018	$34,151,972	$1,457,704	4.5%	$1,692,308
2019	$36,168,178	$2,016,206	5.9%	$7,052,013
2020	$35,453,379	($714,799)	-2.0%	$7,430,205
Average Increase (Decrease)		**$ 1,448,356**	**5.4%**	**$ 16,174,526**

FY20 Month by Month Summary



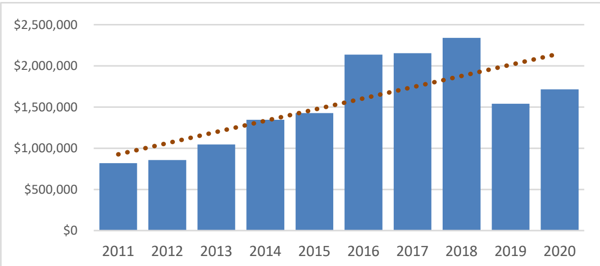
Month	2020 Actual	2021 Budget	2021 Actual	$ Inc./(Dec.) from 2020 Actual	% Inc./(Dec.) from 2020 Actual	$ Inc./(Dec.) from 2021 Budget	% Inc./(Dec.) from 2021 Budget	Contribution to County School Debt .5% Apr 2018-Mar 2021
July	$3,011,846	$2,502,756	$3,000,773	($11,073)	-0.4%	$498,017	19.9%	$651,963
August	$2,938,112	$2,563,855	$2,915,576	($22,536)	-0.8%	$351,721	13.7%	$633,703
September	$2,947,162	$2,514,693	$3,022,499	$75,338	2.6%	$507,806	20.2%	$669,249
October	$3,002,662	$2,470,211	$3,186,150	$183,488	6.1%	$715,939	29.0%	$692,919
November	$3,109,876	$2,685,091	$3,085,542	($24,333)	-0.8%	$400,451	14.9%	$673,220
December	$4,115,721	$3,570,374	$4,372,682	$256,961	6.2%	$802,308	22.5%	$961,435
January	$2,822,778	$2,290,638	$3,007,164	$184,386	6.5%	$716,526	31.3%	$661,651
February	$2,605,705	$2,118,785	$2,550,960	($54,745)	-2.1%	$432,175	20.4%	$564,920
March	$2,744,230	$2,742,322	$3,595,329	$851,099	31.0%	$853,007	31.1%	$789,223
April	$2,257,522	$3,229,288			0.0%		0.0%	
May	$2,781,549	$3,088,682			0.0%		0.0%	
June	$3,116,217	$3,278,691			0.0%		0.0%	
	$35,453,379	**$33,055,386**	**$28,736,677**	**$159,843**	**5.3%**	**$586,439**	**22.5%**	**$6,298,283**
	Total	*Total*	*Total*	*Average*	*Average*	*Average*	*Average*	*Total*
				$1,438,585		**$5,277,952**		
				Total		*Total*		

Schedule 2:	Building Permits	Fund	General Fund	Account:	110-32120-00000

Summary: A part of General Fund Revenues, these fees are paid to the City to offset and pay for the staffing costs borne by the City to extend services due to construction growth. There has been growth in both residential and commercial sides of development. This revenue has been difficult to predict by month because permits are often obtained and fees paid in advance of construction.

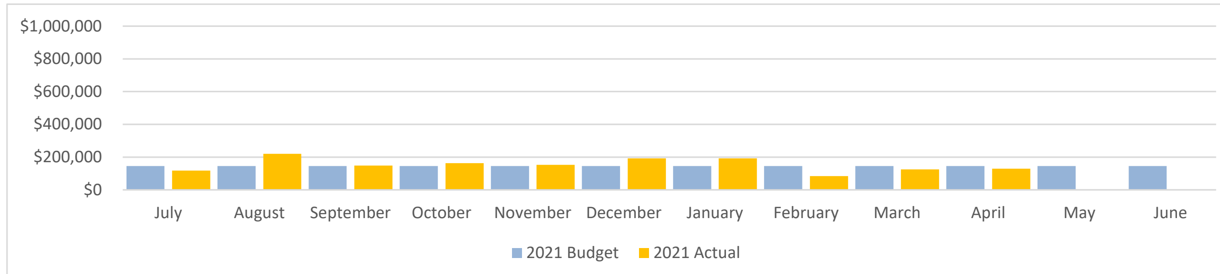
Monthly Report for June 2021: 2021 year-to-date is more than 2020 by 5.2%, and compared to 2021 budget is more by 5.3%.

Yearly Summary



Fiscal Year	Amount	$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2011	$820,111	$389,210	90.3%
2012	$855,409	$35,298	4.3%
2013	$1,046,947	$191,538	22.4%
2014	$1,343,978	$297,031	28.4%
2015	$1,426,188	$82,210	6.1%
2016	$2,136,322	$710,134	49.8%
2017	$2,153,262	$16,940	0.8%
2018	$2,339,364	$186,102	8.6%
2019	$1,539,655	($799,709)	-34.2%
2020	$1,714,700	$175,045	11.4%
Average Increase (Decrease)		**$ 128,380**	**18.8%**

FY20 Month by Month Summary



Month	2020 Actual	2021 Budget	2021 Actual	$ Inc./(Dec.) from 2020 Actual	% Inc./(Dec.) from 2020 Actual	$ Inc./(Dec.) from 2021 Budget	% Inc./(Dec.) from 2021 Budget
July	$134,388	$144,940	$117,582	($16,806)	-12.5%	($27,358)	-18.9%
August	$141,906	$144,940	$220,795	$78,889	55.6%	$75,855	52.3%
September	$121,752	$144,940	$148,714	$26,962	22.1%	$3,774	2.6%
October	$265,909	$144,940	$163,167	($102,742)	-38.6%	$18,227	12.6%
November	$203,955	$144,940	$152,921	($51,034)	-25.0%	$7,981	5.5%
December	$111,335	$144,940	$192,436	$81,101	72.8%	$47,496	32.8%
January	$84,128	$144,940	$192,867	$108,739	129.3%	$47,927	33.1%
February	$124,555	$144,940	$83,859	($40,696)	-32.7%	($61,081)	-42.1%
March	$129,053	$144,940	$125,489	($3,564)	-2.8%	($19,451)	-13.4%
April	$133,885	$144,940	$128,714	($5,171)	-3.9%	($16,226)	-11.2%
May	$82,245	$144,940			0.0%		0.0%
June	$181,589	$144,940			0.0%		0.0%
	$1,714,700	**$1,739,284**	**$1,526,544**	**$7,568**	**5.2%**	**$7,714**	**5.3%**
	Total	*Total*	*Total*	*Average*	*Average*	*Average*	*Average*
				$75,678		**$77,141**	
				Total		*Total*	

City of Franklin

Finance Department - Monthly Reports

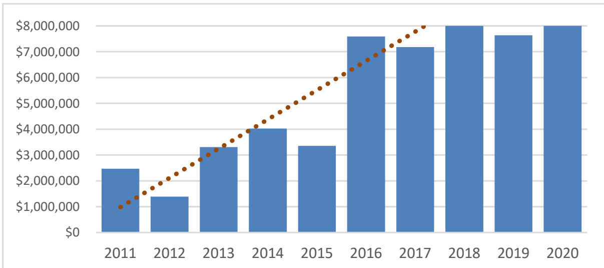
Schedule 3:	Road Impact Fees	Fund	Road Impact	Account:	128-(32800-32804)-00000

Summary: The Road Impact Fund is a special revenue fund created for the accounting of expenditures in accord with City Ordinance 88-13 on the proceeds of road impact fees from new development. These funds can be used to pay for new arterial roads, directly or through payment of debt service on bonds associated with the projects. After completing an update of the major thoroughfare plan, the City re-examined the structure of road impact fees which was approved in April 2011. Effective 7/1/2017, collections pertaining to collector roads within the 4 quadrants of Franklin may begin. This report will be updated to show those collections when they occur.

Monthly Report for June 2021: 2021 year-to-date compared to 2020 is 42.4% less, and compared to 2021 budget is more by 60.7%.

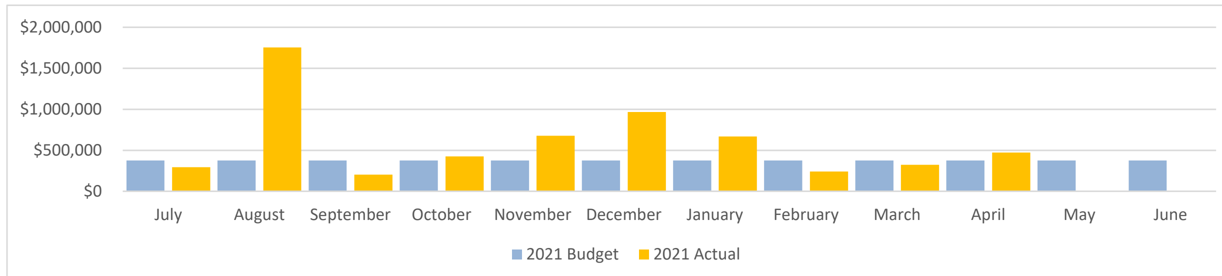
Note: Fees collected from Road Impact and Facilities Tax assessments are one time revenues used to fund infrastructure improvements and are highly dependent upon timing of development.

Yearly Summary



Fiscal Year	Amount	$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2011	$2,466,846	$1,837,652	292.1%
2012	$1,391,645	($1,075,201)	-43.6%
2013	$3,306,075	$1,914,430	137.6%
2014	$4,021,752	$715,677	21.6%
2015	$3,358,431	($663,321)	-16.5%
2016	$7,586,724	$4,228,293	125.9%
2017	$7,180,150	($406,574)	-5.4%
2018	$11,585,500	$4,405,350	61.4%
2019	$7,638,442	($3,947,058)	-34.1%
2020	$12,251,152	$4,612,710	60.4%
Average Increase (Decrease)		**$ 1,162,196**	**59.9%**

FY20 Month by Month Summary



Month	2020 Actual	2021 Budget	2021 Actual	$ Inc./(Dec.) from 2020 Actual	% Inc./(Dec.) from 2020 Actual	$ Inc./(Dec.) from 2021 Budget	% Inc./(Dec.) from 2021 Budget
July	$457,068	$375,000	$293,215	($163,853)	-35.8%	($81,785)	-21.8%
August	$508,801	$375,000	$1,754,297	$1,245,496	244.8%	$1,379,297	367.8%
September	$342,306	$375,000	$204,516	($137,790)	-40.3%	($170,484)	-45.5%
October	$3,287,061	$375,000	$424,492	($2,862,569)	-87.1%	$49,492	13.2%
November	$2,600,341	$375,000	$676,229	($1,924,112)	-74.0%	$301,229	80.3%
December	$591,841	$375,000	$967,922	$376,081	63.5%	$592,922	158.1%
January	$187,810	$375,000	$669,382	$481,572	256.4%	$294,382	78.5%
February	$488,494	$375,000	$240,025	($248,469)	-50.9%	($134,975)	-36.0%
March	$962,610	$375,000	$324,314	($638,296)	-66.3%	($50,686)	-13.5%
April	$1,041,012	$375,000	$473,171	($567,841)	-54.5%	$98,171	26.2%
May	$203,187	$375,000			0.0%		0.0%
June	$1,580,621	$375,000			0.0%		0.0%
	$12,251,152	**$4,500,000**	**$6,027,563**	**($443,978)**	**-42.4%**	**$227,756**	**60.7%**
	Total	*Total*	*Total*	*Average*	*Average*	*Average*	*Average*
				($4,439,781)		**$2,277,563**	
				Total		*Total*	

City of Franklin

Finance Department - Monthly Reports

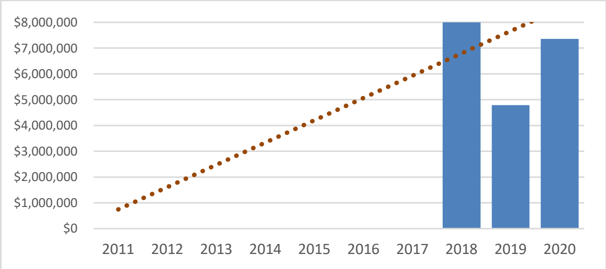
Schedule 3A:	Arterial Area	Fund	Road Impact	Account:	128-32800-00000

Summary: The Road Impact Fund is a special revenue fund created for the accounting of expenditures in accord with City Ordinance 88-13 on the proceeds of road impact fees from new development. These funds can be used to pay for new arterial roads, directly or through payment of debt service on bonds associated with the projects. After completing an update of the major thoroughfare plan, the City re-examined the structure of road impact fees which was approved in April 2011. Effective 7/1/2017, collections pertaining to collector roads within the 4 quadrants of Franklin may begin. This report will be updated to show those collections when they occur.

Monthly Report for June 2021: 2021 year-to-date compared to 2020 is 44.4% less, and compared to 2021 budget is more by 40.0%.

Note: Fees collected from Road Impact and Facilities Tax assessments are one time revenues used to fund infrastructure improvements and are highly dependent upon timing of development.

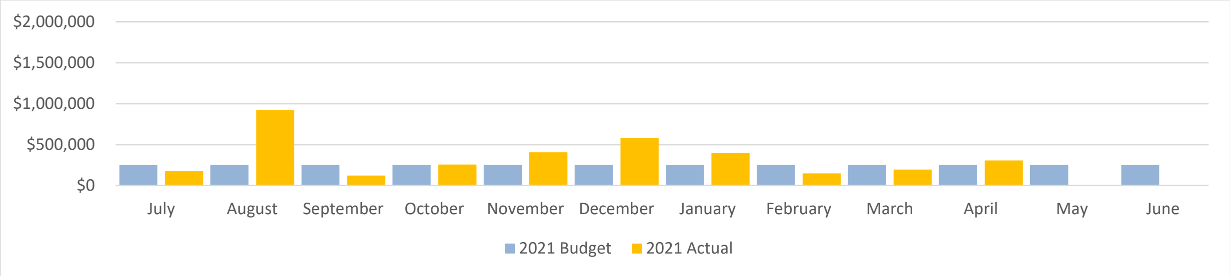
Yearly Summary



Fiscal Year	Amount	$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2011	Breakdown between Quadrants began in FY 2019.		
2012			
2013			
2014			
2015			
2016			
2017			
2018	$11,585,500	$11,585,500	100.0%
2019	$4,785,438	($6,800,062)	-58.7%
2020	$7,359,092	$2,573,654	53.8%

Average Increase (Decrease) $ 2,453,031

FY20 Month by Month Summary



Month	2020 Actual	2021 Budget	2021 Actual	$ Inc./(Dec.) from 2020 Actual	% Inc./(Dec.) from 2020 Actual	$ Inc./(Dec.) from 2021 Budget	% Inc./(Dec.) from 2021 Budget
July	$280,019	$250,000	$174,511	($105,508)	-37.7%	($75,489)	-30.2%
August	$310,836	$250,000	$921,741	$610,905	196.5%	$671,741	268.7%
September	$205,476	$250,000	$121,717	($83,759)	-40.8%	($128,283)	-51.3%
October	$1,973,736	$250,000	$254,574	($1,719,162)	-87.1%	$4,574	1.8%
November	$1,552,456	$250,000	$403,997	($1,148,459)	-74.0%	$153,997	61.6%
December	$354,347	$250,000	$577,878	$223,531	63.1%	$327,878	131.2%
January	$117,719	$250,000	$398,234	$280,515	238.3%	$148,234	59.3%
February	$299,720	$250,000	$146,150	($153,570)	-51.2%	($103,850)	-41.5%
March	$573,930	$250,000	$194,972	($378,958)	-66.0%	($55,028)	-22.0%
April	$622,588	$250,000	$305,602	($316,986)	-50.9%	$55,602	22.2%
May	$126,099	$250,000			0.0%		0.0%
June	$942,166	$250,000			0.0%		0.0%
	$7,359,092	**$3,000,000**	**$3,499,376**	**($279,145)**	**-44.4%**	**$99,938**	**40.0%**
	Total	*Total*	*Total*	*Average*	*Average*	*Average*	*Average*
				($2,791,451)		**$999,376**	
				Total		*Total*	

City of Franklin

Finance Department - Monthly Reports

Schedule 3B:	Coll Area 1	Fund	Road Impact	Account:	128-32801-00000

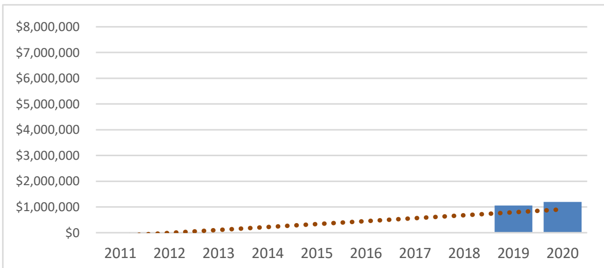
Summary: The Road Impact Fund is a special revenue fund created for the accounting of expenditures in accord with City Ordinance 88-13 on the proceeds of road impact fees from new development. These funds can be used to pay for new arterial roads, directly or through payment of debt service on bonds associated with the projects. After completing an update of the major thoroughfare plan, the City re-examined the structure of road impact fees which was approved in April 2011. Effective 7/1/2017, collections pertaining to collector roads within the 4 quadrants of Franklin may begin. This report will be updated to show those collections when they occur.

Coll Area 1 - Area north of Murfreesboro Road/3rd Avenue South and east of East Main Street/Franklin Road and within the corporate boundaries of the city.

Monthly Report for June 2021: 2021 year-to-date compared to 2020 is 25.5% less, and compared to 2021 budget are more by 176.5%.

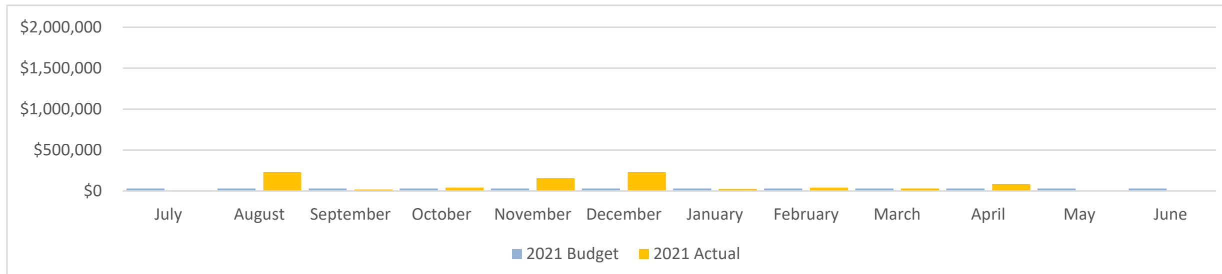
Note: Fees collected from Road Impact and Facilities Tax assessments are one time revenues used to fund infrastructure improvements and are highly dependent upon timing of development.

Yearly Summary



Fiscal Year	Amount	$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2011	Breakdown between Quadrants began in FY 2019.		
2012			
2013			
2014			
2015			
2016			
2017			
2018	$0	$0	
2019	$1,057,313	$1,057,313	100.0%
2020	$1,200,036	$142,723	13.5%
Average Increase (Decrease)	$ 400,012		

FY20 Month by Month Summary



Month	2020 Actual	2021 Budget	2021 Actual	$ Inc./(Dec.) from 2020 Actual	% Inc./(Dec.) from 2020 Actual	$ Inc./(Dec.) from 2021 Budget	% Inc./(Dec.) from 2021 Budget
July	$18,633	$31,250	$8,484	($10,149)	-54.5%	($22,766)	-72.9%
August	$10,519	$31,250	$228,391	$217,872	2071.2%	$197,141	630.9%
September	$45,163	$31,250	$20,040	($25,123)	-55.6%	($11,210)	-35.9%
October	$5,209	$31,250	$41,511	$36,302	696.9%	$10,261	32.8%
November	$961,045	$31,250	$154,814	($806,231)	-83.9%	$123,564	395.4%
December	$102,538	$31,250	$230,711	$128,173	125.0%	$199,461	638.3%
January	$0	$31,250	$23,380	$23,380	0.0%	($7,870)	-25.2%
February	$6,680	$31,250	$42,288	$35,608	533.1%	$11,038	35.3%
March	$6,680	$31,250	$31,864	$25,184	377.0%	$614	2.0%
April	$3,340	$31,250	$82,582	$79,242	2372.5%	$51,332	164.3%
May	$6,680	$31,250			0.0%		0.0%
June	$33,549	$31,250			0.0%		0.0%
	$1,200,036	**$375,000**	**$864,065**	**($29,574)**	**-25.5%**	**$55,157**	**176.5%**
	Total	*Total*	*Total*	*Average*	*Average*	*Average*	*Average*
				($295,742)		**$551,565**	
				Total		*Total*	

City of Franklin

Finance Department - Monthly Reports

Schedule 3C:	Coll Area 2	Fund	Road Impact	Account:	128-32802-00000

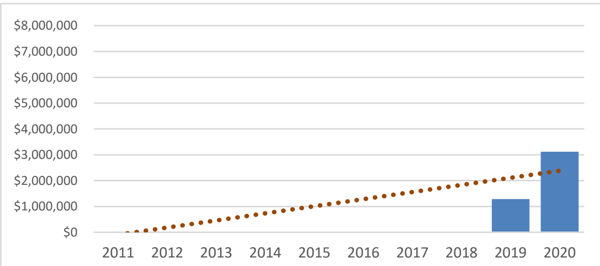
Summary: The Road Impact Fund is a special revenue fund created for the accounting of expenditures in accord with City Ordinance 88-13 on the proceeds of road impact fees from new development. These funds can be used to pay for new arterial roads, directly or through payment of debt service on bonds associated with the projects. After completing an update of the major thoroughfare plan, the City re-examined the structure of road impact fees which was approved in April 2011. Effective 7/1/2017, collections pertaining to collector roads within the 4 quadrants of Franklin may begin. This report will be updated to show those collections when they occur.

Coll Area 2 - Area south of Murfreesboro Road/3rd Avenue South and east of Columbia Avenue/Columbia Pike and within the corporate boundaries of the city.

Monthly Report for June 2021: 2021 year-to-date compared to 2020 is 50.2% less, and compared to 2021 budget is more by 298.5%.

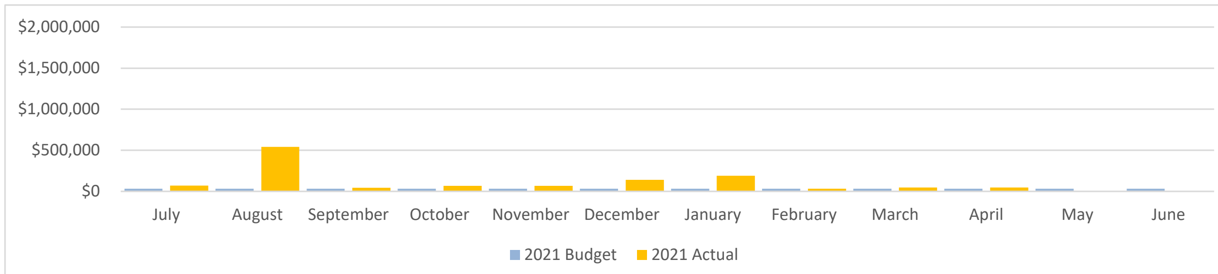
Note: Fees collected from Road Impact and Facilities Tax assessments are one time revenues used to fund infrastructure improvements and are highly dependent upon timing of development.

Yearly Summary



Fiscal Year	Amount	$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2011	Breakdown between Quadrants began in FY 2019.		
2012			
2013			
2014			
2015			
2016			
2017			
2018			
2019	$1,282,977	$1,282,977	100.0%
2020	$3,118,015	$1,835,038	143.0%
Average Increase (Decrease)	$ 1,559,008		

FY20 Month by Month Summary



Month	2020 Actual	2021 Budget	2021 Actual	$ Inc./(Dec.) from 2020 Actual	% Inc./(Dec.) from 2020 Actual	$ Inc./(Dec.) from 2021 Budget	% Inc./(Dec.) from 2021 Budget
July	$109,852	$31,250	$70,140	($39,712)	-36.2%	$38,890	124.4%
August	$131,411	$31,250	$540,169	$408,758	311.1%	$508,919	1628.5%
September	$30,060	$31,250	$45,224	$15,164	50.4%	$13,974	44.7%
October	$1,203,446	$31,250	$66,483	($1,136,963)	-94.5%	$35,233	112.7%
November	$53,440	$31,250	$66,483	$13,043	24.4%	$35,233	112.7%
December	$63,460	$31,250	$139,293	$75,833	119.5%	$108,043	345.7%
January	$54,927	$31,250	$190,988	$136,061	247.7%	$159,738	511.2%
February	$120,170	$31,250	$33,083	($87,087)	-72.5%	$1,833	5.9%
March	$351,940	$31,250	$46,760	($305,180)	-86.7%	$15,510	49.6%
April	$381,684	$31,250	$46,760	($334,924)	-87.7%	$15,510	49.6%
May	$47,028	$31,250			0.0%		0.0%
June	$570,597	$31,250			0.0%		0.0%
	$3,118,015 *Total*	**$375,000** *Total*	**$1,245,383** *Total*	**($125,501)** *Average* **($1,255,007)** *Total*	**-50.2%** *Average*	**$93,288** *Average* **$932,883** *Total*	**298.5%** *Average*

City of Franklin

Finance Department - Monthly Reports

Schedule 3D:	Coll Area 3	Fund	Road Impact	Account:	128-32803-00000

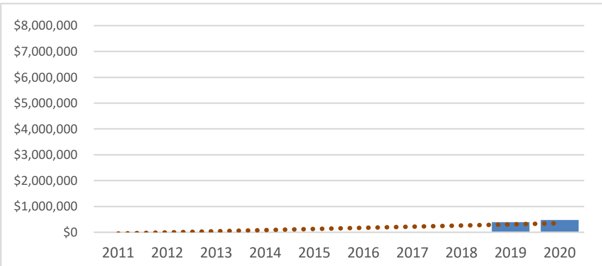
Summary: The Road Impact Fund is a special revenue fund created for the accounting of expenditures in accord with City Ordinance 88-13 on the proceeds of road impact fees from new development. These funds can be used to pay for new arterial roads, directly or through payment of debt service on bonds associated with the projects. After completing an update of the major thoroughfare plan, the City re-examined the structure of road impact fees which was approved in April 2011. Effective 7/1/2017, collections pertaining to collector roads within the 4 quadrants of Franklin may begin. This report will be updated to show those collections when they occur.

Coll Area 3 - Area south of New Highway 96W and west of 5th Avenue South and Columbia Avenue/Columbia Pike and within the corporate boundaries of the city.

Monthly Report for June 2021: 2021 year-to-date compared to 2020 is 11.8% less, and compared to 2021 budget are more by 19.0%.

Note: Fees collected from Road Impact and Facilities Tax assessments are one time revenues used to fund infrastructure improvements and are highly dependent upon timing of development.

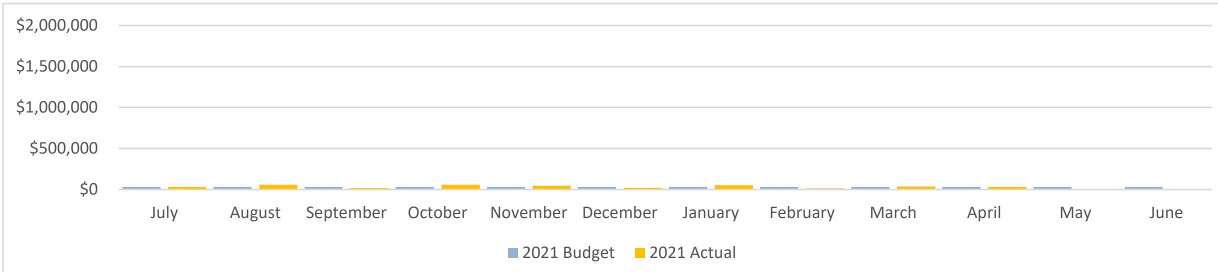
Yearly Summary



Fiscal Year	Amount	$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2011	Breakdown between Quadrants began in FY 2019.		
2012			
2013			
2014			
2015			
2016			
2017			
2018	$0	$0	
2019	$396,897	$396,897	100.0%
2020	$472,760	$75,863	19.1%

Average Increase (Decrease) $ 75,863

FY20 Month by Month Summary



Month	2020 Actual	2021 Budget	2021 Actual	$ Inc./(Dec.) from 2020 Actual	% Inc./(Dec.) from 2020 Actual	$ Inc./(Dec.) from 2021 Budget	% Inc./(Dec.) from 2021 Budget
July	$41,884	$31,250	$33,400	($8,484)	-20.3%	$2,150	6.9%
August	$56,035	$31,250	$57,316	$1,281	2.3%	$26,066	83.4%
September	$61,607	$31,250	$17,535	($44,072)	-71.5%	($13,715)	-43.9%
October	$68,431	$31,250	$58,584	($9,847)	-14.4%	$27,334	87.5%
November	$33,400	$31,250	$47,595	$14,195	42.5%	$16,345	52.3%
December	$36,546	$31,250	$20,040	($16,506)	-45.2%	($11,210)	-35.9%
January	$8,484	$31,250	$53,440	$44,956	529.9%	$22,190	71.0%
February	$58,584	$31,250	$15,164	($43,420)	-74.1%	($16,086)	-51.5%
March	$30,060	$31,250	$37,358	$7,298	24.3%	$6,108	19.5%
April	$26,720	$31,250	$31,547	$4,827	18.1%	$297	1.0%
May	$16,700	$31,250			0.0%		0.0%
June	$34,309	$31,250			0.0%		0.0%
	$472,760	**$375,000**	**$371,979**	**($4,977)**	**-11.8%**	**$5,948**	**19.0%**
	Total	*Total*	*Total*	*Average*	*Average*	*Average*	*Average*
				($49,772)		**$59,479**	
				Total		*Total*	

City of Franklin

Finance Department - Monthly Reports

Schedule 3E:	Coll Area 4	Fund	Road Impact	Account:	128-32804-00000

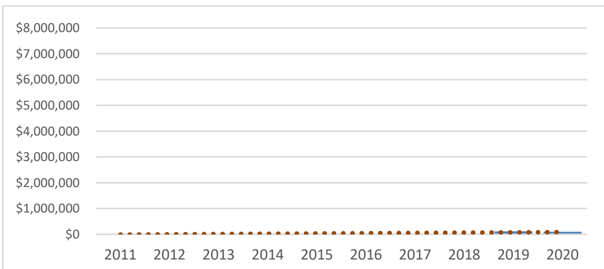
Summary: The Road Impact Fund is a special revenue fund created for the accounting of expenditures in accord with City Ordinance 88-13 on the proceeds of road impact fees from new development. These funds can be used to pay for new arterial roads, directly or through payment of debt service on bonds associated with the projects. After completing an update of the major thoroughfare plan, the City re-examined the structure of road impact fees which was approved in April 2011. Effective 7/1/2017, collections pertaining to collector roads within the 4 quadrants of Franklin may begin. This report will be updated to show those collections when they occur.

Coll Area 4 - Area north of New HIghway 96W, 5th Avenue North, Main Street and west of East Main Street and Franklin Road and within the corporate boundaries of the city.

Monthly Report for June 2021: 2021 year-to-date compared to 2020 is 50.6% less, and compared to 2021 budget is less by 85.0%.

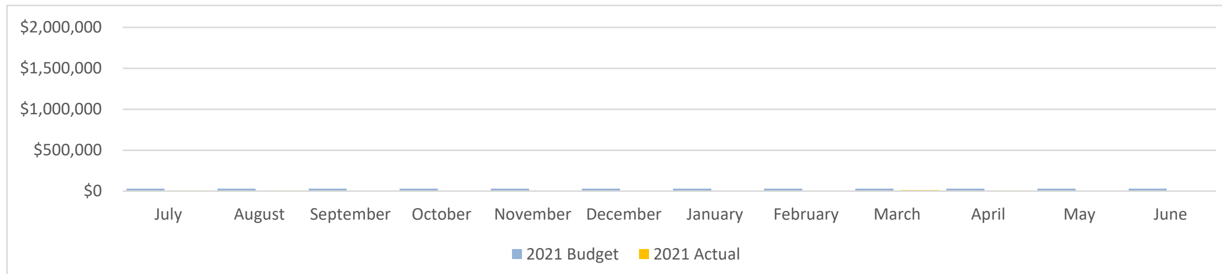
Note: Fees collected from Road Impact and Facilities Tax assessments are one time revenues used to fund infrastructure improvements and are highly dependent upon timing of development.

Yearly Summary



Fiscal Year	Amount	$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2011	Breakdown between Quadrants began in FY 2019.		
2012			
2013			
2014			
2015			
2016			
2017			
2018	$0	$0	
2019	$115,817	$115,817	100.0%
2020	$101,249	($14,568)	-12.6%
Average Increase (Decrease)		**$ (14,568)**	

FY20 Month by Month Summary



Month	2020 Actual	2021 Budget	2021 Actual	$ Inc./(Dec.) from 2020 Actual	% Inc./(Dec.) from 2020 Actual	$ Inc./(Dec.) from 2021 Budget	% Inc./(Dec.) from 2021 Budget
July	$6,680	$31,250	$6,680	$0	0.0%	($24,570)	-78.6%
August	$0	$31,250	$6,680	$6,680	0.0%	($24,570)	-78.6%
September	$0	$31,250	$0	$0	0.0%	($31,250)	-100.0%
October	$36,239	$31,250	$3,340	($32,899)	-90.8%	($27,910)	-89.3%
November	$0	$31,250	$3,340	$3,340	0.0%	($27,910)	-89.3%
December	$34,950	$31,250	$0	($34,950)	-100.0%	($31,250)	-100.0%
January	$6,680	$31,250	$3,340	($3,340)	-50.0%	($27,910)	-89.3%
February	$3,340	$31,250	$3,340	$0	0.0%	($27,910)	-89.3%
March	$0	$31,250	$13,360	$13,360	0.0%	($17,890)	-57.2%
April	$6,680	$31,250	$6,680	$0	0.0%	($24,570)	-78.6%
May	$6,680	$31,250			0.0%		0.0%
June	$0	$31,250			0.0%		0.0%
	$101,249	**$375,000**	**$46,760**	**($4,781)**	**-50.6%**	**($26,574)**	**-85.0%**
	Total	*Total*	*Total*	*Average*	*Average*	*Average*	*Average*
				($47,809)		**($265,740)**	
				Total		*Total*	

City of Franklin

Finance Department - Monthly Reports

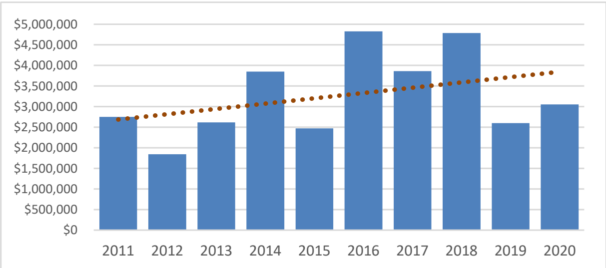
Schedule 4:	Facilities Tax (City)	Fund	Facilities Tax	Account:	130-31600-00000

Summary: A special revenue fund used to account for the proceeds authorized by a private act of the Tennessee General Assembly of 1987 for the City to levy and collect a privilege tax on new development to provide that new development contribute its fair share of providing new public facilities made necessary by growth. Such taxes may be expended ***only*** on police, fire, sanitation, and parks and recreation.

Monthly Report for June 2021: 2021 year-to-date compared to 2020 is 8.6% less, and compared to 2021 budget is more by 125.9%.

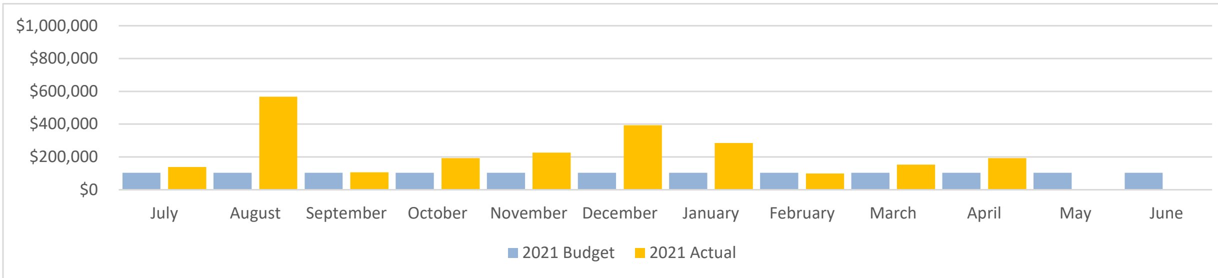
Note: Fees collected from Road Impact and Facilities Tax assessments are one time revenues used to fund infrastructure improvements and are highly dependent upon timing of development.

Yearly Summary



Fiscal Year	Amount	$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2011	$2,748,927	$1,785,179	185.2%
2012	$1,845,690	($903,237)	-32.9%
2013	$2,617,339	$771,649	41.8%
2014	$3,848,783	$1,231,444	47.0%
2015	$2,468,473	($1,380,310)	-35.9%
2016	$4,827,968	$2,359,495	95.6%
2017	$3,864,453	($963,515)	-20.0%
2018	$4,788,042	$923,589	23.9%
2019	$2,598,810	($2,189,232)	-45.7%
2020	$3,051,110	$452,300	17.4%
Average Increase (Decrease)		**$208,736**	**27.7%**

FY20 Month by Month Summary



Month	2020 Actual	2021 Budget	2021 Actual	$ Inc./(Dec.) from 2020 Actual	% Inc./(Dec.) from 2020 Actual	$ Inc./(Dec.) from 2021 Budget	% Inc./(Dec.) from 2021 Budget
July	$166,390	$104,167	$137,965	($28,425)	-17.1%	$33,798	32.4%
August	$165,263	$104,167	$567,347	$402,084	243.3%	$463,180	444.7%
September	$131,262	$104,167	$106,988	($24,274)	-18.5%	$2,821	2.7%
October	$685,211	$104,167	$192,828	($492,383)	-71.9%	$88,661	85.1%
November	$514,554	$104,167	$226,319	($288,235)	-56.0%	$122,152	117.3%
December	$151,610	$104,167	$392,660	$241,050	159.0%	$288,493	277.0%
January	$97,669	$104,167	$284,889	$187,220	191.7%	$180,722	173.5%
February	$169,431	$104,167	$98,466	($70,965)	-41.9%	($5,701)	-5.5%
March	$232,369	$104,167	$153,528	($78,841)	-33.9%	$49,361	47.4%
April	$260,000	$104,167	$192,471	($67,529)	-26.0%	$88,304	84.8%
May	$104,027	$104,167			0.0%		0.0%
June	$373,324	$104,167			0.0%		0.0%
	$3,051,110 *Total*	**$1,250,000** *Total*	**$2,353,461** *Total*	**($22,030)** *Average* **($220,298)** *Total*	**-8.6%** *Average*	**$131,179** *Average* **$1,311,794** *Total*	**125.9%** *Average*

City of Franklin

Finance Department - Monthly Reports

Schedule 5:	Facilities Tax (County)	Fund	Facilities Tax (County)	Account:	132-31600-00000

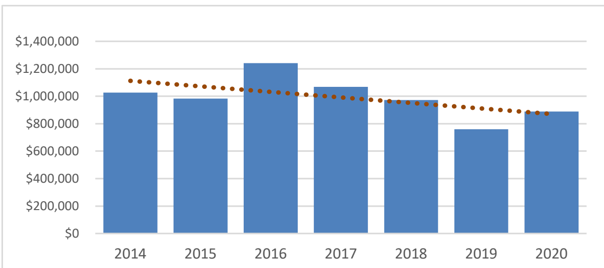
Summary: City's share of Williamson county's Adequate School Facilities Tax. 30% of the proceeds are distributed to the incorporated cities within the county, and an additional 30% is divided pro rata among the incorporated cities based on population in the last decennia census. All funds are to be used for the purpose of providing public facilities, the need for which is reasonably related to new development. The County uses 100% of its amount for public school purposes.

Monthly Report for June 2021: 2021 year-to-date compared to 2020 is 1.5% less, and compared to 2020 budget is 50.6% more.

Note: Fees collected from Road Impact and Facilities Tax assessments are one time revenues used to fund infrastructure improvements and are highly dependent upon timing of development.

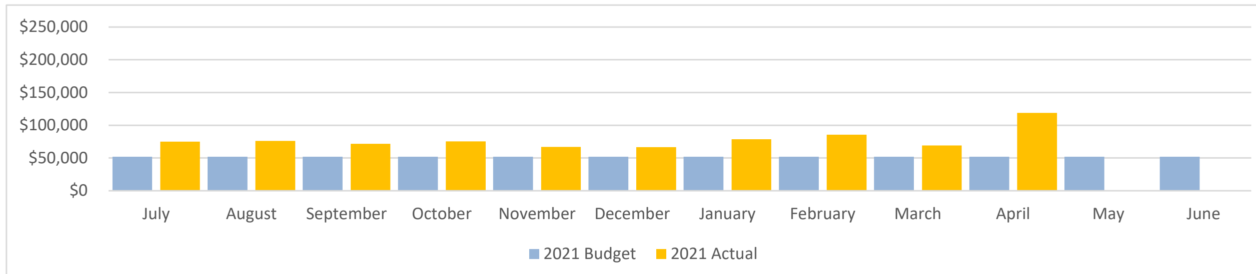
Note: Recorded in Capital Projects Fund beginning in FY 2011 (as per Resolution 2010-69). In June 2017, the County Facilities Tax Fund was created. Funds remaining in the Capital Projects Fund were transferred to the new fund.

Yearly Summary



Fiscal Year	Amount	$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2011	County Facilities Tax receipts began in FY 2012.		
2012	$672,961	$672,961	100.0%
2013	$838,523	$165,562	24.6%
2014	$1,026,933	$188,410	22.5%
2015	$982,605	($44,328)	-4.3%
2016	$1,241,241	$258,636	26.3%
2017	$1,068,030	($173,211)	-14.0%
2018	$971,814	($96,216)	-9.0%
2019	$759,873	($211,941)	-21.8%
2020	$889,426	$129,553	17.0%
Average Increase (Decrease)		**$ 27,058**	**5.2%**

FY20 Month by Month Summary



Month	2020 Actual	2021 Budget	2021 Actual	$ Inc./(Dec.) from 2020 Actual	% Inc./(Dec.) from 2020 Actual	$ Inc./(Dec.) from 2021 Budget	% Inc./(Dec.) from 2021 Budget
July	$72,832	$52,083	$75,154	$2,322	3.2%	$23,070	44.3%
August	$76,092	$52,083	$76,068	($24)	0.0%	$23,985	46.1%
September	$87,657	$52,083	$71,681	($15,977)	-18.2%	$19,597	37.6%
October	$57,229	$52,083	$75,341	$18,112	31.6%	$23,258	44.7%
November	$99,791	$52,083	$67,124	($32,668)	-32.7%	$15,040	28.9%
December	$88,107	$52,083	$66,672	($21,435)	-24.3%	$14,589	28.0%
January	$118,070	$52,083	$78,759	($39,312)	-33.3%	$26,675	51.2%
February	$59,955	$52,083	$85,447	$25,491	42.5%	$33,363	64.1%
March	$58,136	$52,083	$69,059	$10,924	18.8%	$16,976	32.6%
April	$78,441	$52,083	$118,831	$40,391	51.5%	$66,748	128.2%
May	$52,045	$52,083			0.0%		0.0%
June	$41,071	$52,083			0.0%		0.0%
	$889,426	**$625,000**	**$784,135**	**($1,218)**	**-1.5%**	**$26,330**	**50.6%**
	Total	*Total*	*Total*	*Average*	*Average*	*Average*	*Average*
				($12,175)		**$263,302**	
				Total		*Total*	

City of Franklin

Finance Department - Monthly Reports

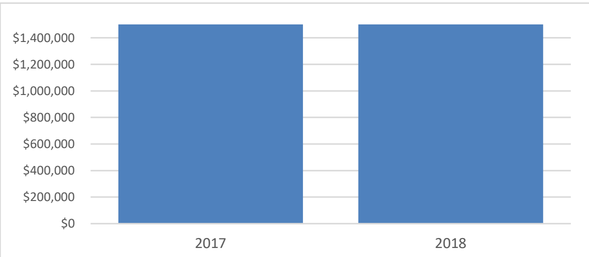
Schedule 6:	Gasoline Tax	Fund	Street Aid	Account:	121-33220-00000

Summary: As part of Street Aid Fund Revenues, the City receives a share of the state shared gasoline tax. Gas taxes increased effective July 1, 2017 as part of the IMPROVE Act to help fund state road projects. The tax increased by 4 cents on July 1, and will increase by 1 cent for each of the next two years. The tax on diesel will increase a total of 10 cents over the next 3 years.

Monthly Report for June 2021: The gasoline tax remittance from the State of Tennessee for March 2021 sales (received by the City in May 2021) was $222,536 compared to $228,263 for the same month in 2020, a decrease of $5,727 or 2.5%.

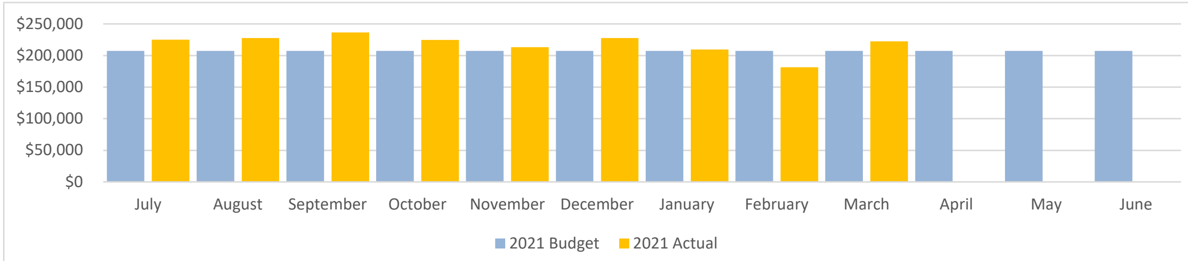
For budget comparisons, the City anticipated collections of $207,151 for March 2021, a difference of $15,385 more, or 7.4%.

Yearly Summary



Fiscal Year	Amount	$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
	Increase in Gas Tax began July 2017.		
2016	$1,959,796		
2017	$1,971,070	$11,274	0.6%
2018	$2,520,503	$549,433	27.9%
2019	$2,630,997	$110,494	4.4%
2020	$2,660,745	$29,748	1.1%
Average Increase (Decrease)		$ 175,237	8.5%

FY20 Month by Month Summary



Month	2020 Actual	2021 Budget	2021 Actual	$ Inc./(Dec.) from 2020 Actual	% Inc./(Dec.) from 2020 Actual	$ Inc./(Dec.) from 2021 Budget	% Inc./(Dec.) from 2021 Budget
July	$246,917	$207,151	$224,996	($21,922)	-8.9%	$17,845	8.6%
August	$242,660	$207,151	$227,528	($15,133)	-6.2%	$20,377	9.8%
September	$235,580	$207,151	$236,657	$1,077	0.5%	$29,506	14.2%
October	$233,080	$207,151	$224,725	($8,355)	-3.6%	$17,574	8.5%
November	$229,634	$207,151	$213,342	($16,291)	-7.1%	$6,191	3.0%
December	$230,395	$207,151	$227,456	($2,939)	-1.3%	$20,305	9.8%
January	$217,951	$207,151	$209,692	($8,260)	-3.8%	$2,541	1.2%
February	$200,077	$207,151	$181,338	($18,738)	-9.4%	($25,813)	-12.5%
March	$228,263	$207,151	$222,536	($5,727)	-2.5%	$15,385	7.4%
April	$154,760	$207,151			0.0%		0.0%
May	$207,781	$207,151			0.0%		0.0%
June	$233,647	$207,151			0.0%		0.0%
	$2,660,745 *Total*	**$2,485,811** *Total*	**$1,968,268** *Total*	**($10,699)** *Average*	**-4.7%** *Average*	**$11,546** *Average*	**5.6%** *Average*
				($96,289) *Total*		**$103,910** *Total*	

City of Franklin

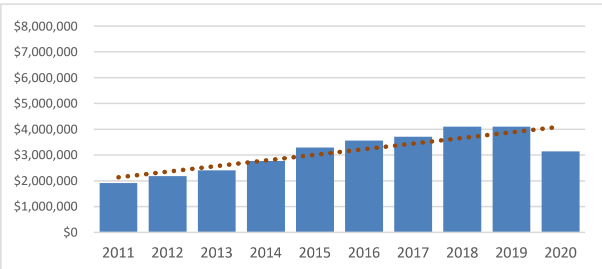
Finance Department - Monthly Reports

Schedule 7:	Hotel/Motel Tax	Fund	Hotel/Motel Fund	Account:	150-31700-00000

Summary: The Hotel/Motel Fund is a special revenue fund used to account for the locally administered tax levied on the occupancy of hotel and motel rooms, in addition to sales tax. The City of Franklin Hotel/Motel Tax is 4%. During FY 2020, the fund is used to pay debt service on Harlinsdale Farm, Eastern Flank Battlefield and Carter Hill Parks.

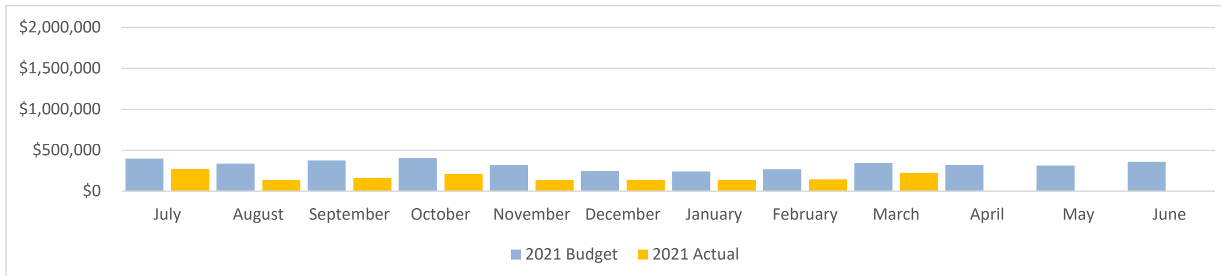
Monthly Report for June 2021: 2021 year-to-date compared to 2020 is 45.4% less, and compared to 2021 budget is less by 46.4%.

Yearly Summary



Fiscal Year	Amount	$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2011	$1,917,196	$253,893	15.3%
2012	$2,185,953	$268,757	14.0%
2013	$2,403,775	$217,822	10.0%
2014	$2,764,802	$361,027	15.0%
2015	$3,291,019	$526,217	19.0%
2016	$3,557,971	$266,952	8.1%
2017	$3,710,589	$152,618	4.3%
2018	$4,097,695	$387,106	10.4%
2019	$4,103,235	$5,540	0.1%
2020	$3,138,814	($964,421)	-23.5%
Average Increase (Decrease)		**$ 147,551**	**7.3%**

FY20 Month by Month Summary



Month	2020 Actual	2021 Budget	2021 Actual	$ Inc./(Dec.) from 2020 Actual	% Inc./(Dec.) from 2020 Actual	$ Inc./(Dec.) from 2021 Budget	% Inc./(Dec.) from 2021 Budget
July	$358,441	$399,210	$269,777	($88,664)	-24.7%	($129,433)	-32.4%
August	$335,061	$336,722	$138,563	($196,498)	-58.6%	($198,159)	-58.8%
September	$379,962	$375,387	$165,973	($213,989)	-56.3%	($209,414)	-55.8%
October	$420,494	$403,942	$209,657	($210,837)	-50.1%	($194,285)	-48.1%
November	$318,100	$316,035	$138,935	($179,165)	-56.3%	($177,100)	-56.0%
December	$261,294	$244,942	$139,075	($122,219)	-46.8%	($105,867)	-43.2%
January	$276,512	$241,750	$136,205	($140,308)	-50.7%	($105,545)	-43.7%
February	$319,269	$266,694	$145,227	($174,042)	-54.5%	($121,467)	-45.5%
March	$201,971	$342,087	$225,542	$23,572	11.7%	($116,545)	-34.1%
April	$37,682	$319,573			0.0%		0.0%
May	$75,021	$314,472			0.0%		0.0%
June	$155,008	$359,706			0.0%		0.0%
	$3,138,814	**$3,920,520**	**$1,568,955**	**($144,683)**	**-45.4%**	**($150,868)**	**-46.4%**
	Total	*Total*	*Total*	*Average*	*Average*	*Average*	*Average*
				($1,302,148)		**($1,357,814)**	
				Total		*Total*	

City of Franklin

Finance Department - Monthly Reports

Schedule 8:	Conference Center Profit/(Loss)	Fund	Hotel/Motel	Account:	150-84910-47100

Summary: As part of Hotel/Motel, the City receives half of the profit/(loss) from the Conference Center.

Monthly Report for June 2021: The gain for April 2021 was $43,488 compared to a loss of $32,937 for the same month in 2020, an increase of $76,424.

MONTHLY - Conference Center Financials Jul 20-Jun 21

	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21	Total
Gross Revenue	145,334	142,794	164,219	140,096	138,304	67,968	52,176	93,151	124,208	424,060			1,492,310
House Profit	29,777	30,100	6,206	5,047	(2,455)	(51,305)	(33,054)	(25,387)	(17,563)	166,024			107,390
Less: Fixed Expenses	53,048	52,547	53,713	54,092	56,446	53,602	52,164	53,082	54,741	57,846			541,281
Net Income	(23,271)	(22,447)	(47,507)	(49,045)	(58,901)	(104,907)	(85,218)	(78,469)	(72,304)	108,178			(433,891)
Less: FF&E Reserve 5%	7,267	7,140	8,211	7,071	6,915	3,332	2,609	4,658	6,210	21,203			74,616
Net Cash Flow	(30,538)	(29,587)	(55,718)	(56,116)	(65,816)	(108,239)	(87,827)	(83,127)	(78,514)	86,975			(508,507)
City 1/2	**(15,269)**	**(14,794)**	**(27,859)**	**(28,058)**	**(32,908)**	**(54,120)**	**(43,914)**	**(41,564)**	**(39,257)**	**43,488**	**-**	**-**	**(254,254)**

MONTHLY - Conference Center Financials Jul 19-Jun 20

	Jul 19	Aug 19	Sep 19	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	Total
Gross Revenue	327,717	660,449	824,870	893,814	562,467	675,497	634,452	751,327	244,394	45,812	16,968	108,147	5,745,914
House Profit	(32,143)	192,021	247,417	322,294	91,459	143,109	158,609	230,164	6,396	(4,647)	(39,424)	29,935	1,345,190
Less: Fixed Expenses	77,998	59,227	69,174	84,160	75,852	72,130	56,634	65,409	72,808	58,935	47,514	50,935	790,776
Net Income	(11,141)	132,794	178,243	238,134	15,607	70,979	101,975	164,755	(66,412)	(63,582)	(86,938)	(21,000)	653,414
Less: FF&E Reserve 5%	16,386	33,025	41,244	44,691	28,123	33,775	31,723	37,566	12,220	2,291	848	5,407	287,299
Net Cash Flow	(126,527)	99,769	136,999	193,443	(12,516)	37,204	70,252	127,189	(78,632)	(65,873)	(87,786)	(26,407)	267,115
City 1/2	**(63,264)**	**49,885**	**68,500**	**96,722**	**(6,258)**	**18,602**	**35,126**	**63,595**	**(39,316)**	**(32,937)**	**(43,893)**	**(13,204)**	**133,558**

MONTHLY Differences - Conference Center Financials

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
City 1/2 Difference	**47,995**	**(64,678)**	**(96,359)**	**(124,780)**	**(26,650)**	**(72,722)**	**(79,040)**	**(105,158)**	**59**	**76,424**		

City of Franklin *City of Franklin*
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Schedule 9: **City of Franklin Grants - March 2021**

	Grant Name	Grant ID	Department Contact	Grant Total	Reimbursable Amount Spent		Amount Reimbursed		Amount Requested		Amount Spent Not Yet Requested	Bal Remaining (Grant Total - Reimb Amt Spent)
	BNS											
1a	CBDG	B-13-MC-47-0014	Kathleen Sauseda	$246,747	$246,747	=	$239,257	+	$0	+	$0	$0
1b	CBDG	B-14-MC-47-0014	Kathleen Sauseda	$264,629	$264,629	=	$264,478	+	$0	+	$0	$0
1c	CBDG	B-15-MC-47-0014	Kathleen Sauseda	$274,706	$274,706	=	$270,704	+	$0	+	$0	$0
1d	CBDG	B-16-MC-47-0014	Kathleen Sauseda	$280,410	$280,410	=	$277,410	+	$0	+	$0	$0
1e	CBDG	B-17-MC-47-0014	Kathleen Sauseda	$263,690	$263,690	=	$253,690	+	$0	+	$0	$0
1f	CBDG	B-18-MC-47-0014	Kathleen Sauseda	$318,360	$337,559	=	$395,126	+	$0	+	$0	$0
1g	CBDG	B-19-MC-47-0014	Kathleen Sauseda	$353,910	$66,612	=	$26,954	+	$28,834	+	$0	$287,299
1h	CDBG - CARES Act	B-20-MC-47-0014	Kathleen Sauseda	$213,789	$191,769	=	$176,639	+	$10,000	+	$0	$22,020
	ENGINEERING											
2	Expansion of the City of Franklin's current ITS infrastructure network capabilities into areas with entensive congestion to include CCTV,DMS,Weather Communication and connect to TDOT and Brentwood systems	116144.00	Adam Moser	$720,000	$136,524	=	$120,000	+	$14,678	+	$0	$583,476
3	Expansion of the City of Franklin's current ITS infrastructure network capabilities into areas with entensive congestion to include CCTV,DMS,Weather Communication and connect to TDOT and Brentwood systems	116144.01	Adam Moser	$1,280,000	$959,922	=	$307,505	+	$573,918	+	$79,409	$320,078
4	SR-96 (Murfreesboro Rd) Traffic Signal Improvements	127913.00	Adam Moser	$1,586,600	$116,887	=	$87,217	+	$0	+	$49,360	$1,469,713
5	SR-96 Multi-Use Trail	123098.00	David Hodnett	$1,800,000	$77,385	=	$7,990	+	$44,212	+	$25,182	$1,722,615
6	McEwen Drive from Cool Springs Boulevard/Oxford Drive to SR-252 Franklin, Williamson County	125418.00	David Hodnett	$10,000,000	$0	=	$0	+	$0	+	$0	$10,000,000
7	Safe Routes to School Project, Hunters Bend Elementary (SRTS)	118151.00	Jonathan Marston	$596,322	$559,823	=	$559,823	+	$0	+	$0	$36,499
8	Mack Hatcher Parkway West, From S-96 West of Franklin to SR-106 (US-431) North of Franklin, Williamson County	101454.01	Paul Holzen	$14,172,004	$12,502,347	=	$11,601,460	+	$653,858	+	$172	$1,669,657
9	SR-6 (Columbia Ave) from SR-397 (Mack Hatcher Pkwy) to Downs Blvd **ONLY DESIGN**	121454.00	William Banks	$21,000,000	$1,980,037	=	$1,421,391	+	$6,665	+	$0	$19,019,963

City of Franklin *City of Franklin*

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Schedule 9: **City of Franklin Grants - March 2021**

	Grant Name	Grant ID	Department Contact	Grant Total	Reimbursable Amount Spent		Amount Reimbursed		Amount Requested		Amount Spent Not Yet Requested	Bal Remaining (Grant Total - Reimb Amt Spent)
	FIRE											
10	Gatlinburg Aid (Fire)	FEMA-DR-4293-TN	Joanne Finn	$31,161	$31,161	=	$0	+	$31,161	+	$0	$0
11	Florence Aid (Flood)	TEMA-1501-RR-8056	Joanne Finn	$89,497	$89,497	=	$44,748	+	$44,748	+	$0	$0
12	Florence Aid (Flood)	TEMA-1501-RR-8292	Joanne Finn	$2,924	$2,924	=	$0	+	$2,924	+	$0	$0
13	Hurricane Dorian	TEMA-1654-RR-8974	Joanne Finn	$16,892	$16,892	=	$8,446	+	$8,446	+	$0	$0
14	Hurricane Dorian	TEMA-1654-RR-8999	Joanne Finn	$10,712	$10,712	=	$5,356	+	$5,356	+	$0	$0
15	Sound Off with Home Fire Safety Patrol	N/A	Joanne Finn	$1,000	$1,000		$1,000	+	$0	+	$0	$0
	PARKS											
16	TAEP Community Tree Planting	32510-02319	Alyssa Dillon	$6,525	$5,448	=	$5,448	+	$0	+	$0	$1,077
17	Acquistion of Spivey Tract		Alyssa Dillon	$637,500	$637,500	=	$637,500	+	$0	+	$0	$0
18	Tree Planting	32510-08220	Paige Cruse	$19,350	$18,884	=	$18,884	+	$0	+	$0	$466
19	Harlinsdale Restoration - PREPAYMENT		Paige Cruse	$0	$0	=	($100,000)	+	$0	+	$0	$0
	PLANNING											
20	Hayes House Window Restoration	32701-03546	Amanda Rose	$22,200	$14,280	=	$14,280	+	$0	+	$0	$7,920
21	Hincheyville Historic District	P18AF00033	Amanda Rose	$6,000	$4,770	=	$4,770	+	$0	+	$0	$1,230
22	Hayes House Window Restoration	32701-04177	Amanda Rose	$14,700	$0	=	$0	+	$0	+	$0	$14,700
	POLICE											
23	Governor's Highway Safety Office-Franklin Fight Against Impaired Driving	154AL-18-018	Rachel Gober	$25,000	$6,615	=	$6,615	+	$0	+	$0	$18,385
24	Governor's Highway Safety Office-Franklin Fight Against Impaired Driving	69A37520300004020TN0	Rachel Gober	$20,000	$0	=	$0	+	$0	+	$0	$20,000
25	Governor's Highway Safety Office-Network Coordinator	PT-18-23/402	Rachel Gober	$20,000	$11,753	=	$11,753	+	$0	+	$0	$8,247
26	Governor's Highway Safety Office-Network Coordinator	PT-19-25/402	Rachel Gober	$20,000	$5,435	=	$5,426	+	$0	+	$0	$14,565
27	Bulletproof Vest	2017BUBX17088745	Will McCarville	$3,518	$3,518	=	$3,518	+	$0	+	$0	$0
28	Governor's Highway Safety Office-Community Based Traffic Safety Enforcement and Education	Z20THS342	Joe LeCates	$20,000	$14,204	=	$7,364	+	$6,839	+	$0	$5,796
	VARIOUS DEPARTMENTS											
29	COVID 19 (Stafford Act)	TBD	Joanne Finn/ Dawn Wildrick	$0	$225,000	=	$0	+	$225,000	+	$0	-$225,000
30	COVID 19 (TN CARES ACT)	TBD	Joanne Finn/ Dawn Wildrick	$1,213,710	$1,213,710	=	$1,213,710	+	$0	+	$0	$0
31	COVID 19 (Local Gov DA Grant)	TBD	Joanne Finn/ Dawn Wildrick	$1,815,648	$1,815,648	=	$1,815,648	+	$0	+	$0	$0

City of Franklin ***City of Franklin***

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Schedule 9: **City of Franklin Grants - March 2021**

	Grant Name	Grant ID	Department Contact	Grant Total	Reimbursable Amount Spent		Amount Reimbursed		Amount Requested		Amount Spent Not Yet Requested	Bal Remaining (Grant Total - Reimb Amt Spent)
	TRANSIT											
32	Replacement Vehicle - PM- Planning & Equipment	TN-90-X328-00	Kelly Bair	$714,640	$685,850	=	$685,850	+	$0	+	$0	$28,790
33	Allocation for 5307 FY2012	TN-90-X352-00	Kelly Bair	$1,915,995	$1,368,487	=	$1,323,870	+	$0	+	$0	$547,508
34	FY 14 5307 Allocation	TN-90-X384-00	Kelly Bair	$1,715,113	$948,158	=	$931,621	+	$9,617	+	$0	$766,955
35	FY 16 5307 Allocation	TN-2017-020-00	Kelly Bair	$995,235	$751,539	=	$741,934	+	$1,444	+	$0	$243,696
36	FY 2015 5339 - Capital Cost of Leasing	TN-2017-059-00	Kelly Bair	$112,500	$85,458	=	$3,355	+	$0	+	$0	$27,042
37	5307 FY Application	TN-2018-026-00	Kelly Bair	$969,118	$969,118	=	$969,118	+	$0	+	$0	$0
38	5307 FY Application	TN-2019-021-00	Kelly Bair	$1,325,546	$1,012,408	=	$1,005,607	+	$6,801	+	$0	$313,138
39	5307 Operating and Capital	TN-2020-008-00	Kelly Bair	$1,869,577	$322,343	=	$313,118	+	$1,708	+	$0	$1,547,234
40	CARES Act 5307 Funding	TN-2020-018-00	Kelly Bair	$6,127,078	$1,719,190	=	$1,067,184	+	$652,006	+	$0	$4,407,888
41	FY 2019 Urban Operating Assistance Program	Z-19-UROP06-00	Kelly Bair	$266,900	$266,900	=	$266,900	+	$0	+	$0	$0
42	FY 2020 Urban Operating Assistance Program	94UROP-S3-016	Kelly Bair	$270,900	$270,900	=	$270,900	+	$0	+	$0	$0
43	FY 2020 Urban Operating Assistance Program	94UROP-S3-017	Kelly Bair	$277,500	$277,500	=	$0	+	$277,500	+	$0	$0
	SEWER											
44	Water Reclamation Biosolids	32701-02803	Michelle Hatcher	$250,000	$250,000	=	$250,000	+	$0	+	$0	$0
	TOTALS			**$74,177,605**	**$31,315,847**		**$27,543,565**		**$2,605,716**		**$154,123**	**$42,880,957**