

TITLE 5

MUNICIPAL FINANCE AND TAXATION

CHAPTER

1. MISCELLANEOUS.
2. REAL AND PERSONAL PROPERTY TAXES.
3. PURCHASING POLICY.
4. CREDIT CARD PROCESSING POLICY

CHAPTER 1

MISCELLANEOUS

Section

5-101. Business Tax Act adopted.

5-101. Business Tax Act adopted. The taxes provided for in chapter 387 of the Public Acts of 1971, known as the Business Tax Act, are hereby levied on the businesses, business activities, vocations or occupations carried on in the city, at the rates and in the manner prescribed by the act. (1973 Code, § 17-1)

CHAPTER 2

REAL AND PERSONAL PROPERTY TAXES

Section

5-201. When due and payable.

5-202. When delinquent--penalty and interest.

5-201. When due and payable. (1) All real property taxes shall be assessed as of the tenth day of January of the year for which levied.

(2) Taxes levied by the city against real property shall become due and payable annually on the first day of October of the year for which levied. (1973 Code, § 17-2(a)and(b))

5-202. When delinquent--penalty and interest. All real property taxes levied by the city shall become delinquent on and after the first day of March next after , they become due and payable and shall thereupon be subject to such penalty and interest as is authorized and prescribed by the general law of the state for delinquent state and county taxes. (1973 Code, § 17-2(c))

CHAPTER 3

PURCHASING POLICY

SECTION

- 5-301. Purchasing agent designated
- 5-302. Purchasing agent—authority
- 5-303. Purchasing of \$10,000.00 or more submitted for bids
- 5-304. Purchases of \$10,000.00 or more not submitted for bids
- 5-305. Purchases of \$4,000.00 to \$9,999.99
- 5-306. Purchases of \$100.00 to \$3,999.99
- 5-307. Purchases of less than \$100.00
- 5-308. Purchasing agent—responsibilities
- 5-309. Relations of other departments with the purchasing department
- 5-310. Purchasing department’s responsibilities
- 5-311. Using department’s responsibility
- 5-312. Disposal of real property
- 5-313. Purchase of used equipment
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- 5-315. Surety requirements
- 5-316. Quality assurance, inspection, and testing
- 5-317. Surplus property
- 5-318. Federal and state surplus property
- 5-319. Conflict of interest
- 5-320. Debt owed to City
- 5-321. Violation of purchasing policies
- 5-322. Replacement of all prior purchasing policies
- 5-323. Purchasing when using grant funds
- 5-324. Architectural, Engineering and Construction

5-301. Purchasing agent designated. Interim city recorder/city administrator, chief administrative officer of the city, or city recorder shall act as purchasing agent for the city with power, except as set out in these procedures, to purchase materials, supplies, and equipment; secure leases and lease purchases; and dispose of and transfer surplus property for the proper conduct of the city’s business. (Ordinance #2017-20)

5-302. Purchasing agent—authority. The purchasing agent shall have the authority to make purchases, leases, and lease-purchases of less than ten thousand dollars (\$10,000.00) singly or in the aggregate during any fiscal year and except as otherwise provided herein, shall require two (2) competitive bids or quotations, either verbal or written, whenever possible prior to each purchase. All competitive bids and quotations received shall be recorded and maintained in the office of the purchasing agent for a minimum of seven (7) years after contract expires. When requisitions are required, the competitive bids and quotations received shall be listed on that

document prior to the issuance of the purchase order. Awards shall be made to the lowest and best bid or “quote”. (Ordinance #2017-20)

5-303. Purchasing of \$10,000.00 or more submitted for bids. A description of all projects and purchases, except as herein provided, that require the expenditure of city funds of ten thousand dollars (\$10,000.00) or more shall be prepared by the purchasing agent and submitted for bid. Once bids have been received, the purchasing agent will bring the bids to council for their approval.

After the determination that adequate funds are budgeted and available for a purchase, the governing body may authorize the purchasing agent to issue a purchase order for the item and place the order. The award of purchases, leases, or lease-purchases of ten thousand dollars (\$10,000.00) or more shall be made by the governing body to the lowest and best bid. (Ordinance #2017-20)

5-304. Purchases of \$10,000.00 of more not submitted for bids. Purchases amounting to ten thousand dollars (\$10,000.00) or more that do not require public advertising and sealed bids or proposals, may be allowed only under the following circumstances, except as otherwise provided herein, when such purchases are approved by the governing body:

- (1). Sole source of supply or proprietary products as determined after complete search by using department and the purchasing agent, with governing body approval;
- (2). Emergency expenditures with subsequent approval of the governing body. All purchases of \$10,000.00 or more of this nature not submitted for bid should be submitted to the council by the City Administrator, purchasing agent, or department head via written communication at the next council meeting to be held. The information to be submitted should include the vendor, reason for repair, cost of repair, and any other relevant information;
- (3). Purchases from nonprofit corporations whose purpose or one of whose purpose is to provide goods or services specifically to;
- (4). Purchases, leases, or lease-purchases of real property;
- (5). Purchases, leases, or lease-purchases from any federal, state, or local government unit or agency of secondhand articles or equipment or other materials, supplies, commodities, and equipment;
- (6). Purchases through other units of government as authorized by the Municipal Purchasing Law of 1983; or Purchases from instrumentalities created by two (2) or more cooperating governments.
- (7). Purchases directed through or in conjunction with the State Department of General Services. Purchases directed through or in conjunction with the Federal General Services Administrative Contracts for motor vehicles manufactured for a special purpose as defined in 12-3-1208 which include, but are not limited to, school buses, buses with capacity exceeding 22 passengers used to provide public transportation, garbage trucks, firetrucks, or ambulances based on having greater cost avoidance than other allowed purchases; (Ordinance #2018-13)
- (8). Purchases from Tennessee State Industries;
- (9). Professional service contracts as provided in Tennessee Cody Annotated, §12-4-106;

Professional services include legal services, fiscal agent, financial advisor or advisory services, educational consultant services, and similar services by professional persons or groups of high ethical standards;

- (10). Tort Liability Insurance as provided in Tennessee Code Annotated, § 29-20-407;
- (11). Purchases of fuels, fuel products, or perishable commodities;
- (12). Purchases for resale of natural gas and propane gas;

(13.) Purchases for repair items where time is of the essence. Repair items include items that are not necessarily deemed as emergency items, but are items that require repair and where time is of the essence shall be approved by the City Administrator or City Recorder or Finance Manager. The capability of the City to respond to any issue would be harmed if the City had to wait for council to approve a repair at the next standard scheduled meeting. All purchases of \$10,000.00 or more of this nature not submitted for bid should be submitted to the council by the City Administrator, purchasing agent, or department head via written communication at the next council meeting to be held. The information to be submitted should include the vendor, reason for repair, cost of repair, and any other relevant information. (Ordinance #2017-20)

5-305. Purchases of \$4,000.00 to \$9,999.99. Purchases of four thousand (\$4,000.00) to nine thousand nine hundred and ninety-nine dollars and ninety-nine cents (\$9,999.99) require two (2) or more written quotations prior to purchase. Purchase orders will be issued. (Ordinance #2017-20)

5-306. Purchases of \$100.00 to \$3,999.99 A request for payment or use of the city purchasing card or a purchase order may be used for purchases of one hundred dollars (\$100.00) to three thousand nine hundred ninety-nine dollars and ninety-nine cents (\$3,999.99). (Ordinance #2022-03)

5-307. Purchases of less than \$100.00. Low dollar purchases less than one hundred dollars (\$100.00) may be paid by using the city purchasing card or petty cash. (Ordinance #2017-20)

5-308. Purchasing agent—responsibilities. The purchasing agent shall be responsible for following these procedures and the Municipal Purchasing Law of 1983, as amended, including keeping and filing required records and reports as if they were set out herein and made a part hereof and within definitions of words and phrases from the law as herein defined. (Ordinance #2017-20)

5-309. Relations of other departments with the purchasing department. The purchasing department is a service agency for all other departments of the city. The purchasing function is a service, and for the mutual benefits gained to go toward the good of the city, all departments must work in harmony. This manual is a guide to help the departments know their buying responsibilities. (Ordinance #2017-20)

5-310. Purchasing department’s responsibilities.

- (1). To aid and cooperate with all departments in meeting their needs for operating supplies, equipment and services;

- (2). To process all requisitions with the least possible delay;
- (3). To procure a product that will meet the department's requirements at the least cost to the city;
- (4). To know the source and availability of needed products and services and maintain current vendor files;
- (5). To obtain prices on comparable materials after receipt of departmental requisition;
- (6). To select vendors, prepare purchase orders, and process and maintain order and requisition files;
- (7). To search for new, improved sources of supplies and services;
- (8). To assist in preparation of specifications and to maintain specification and historical performance files;
- (9). To prepare and advertise requests for bids and maintain bid files;
- (10). To keep items in store in sufficient quantities to meet normal requirements of the city for a reasonable length of time within space availability;
- (11). To investigate and document complaints about merchandise and services for future reference;
- (12). To transfer or dispose of surplus property. (Ordinance #2017-20)

5-311. Using department's responsibility.

- (1). To allow ample lead time for the purchasing department to process requisitions and issue purchase orders, while permitting the supplier time to deliver the needed items;
- (2). To prepare a complete and accurate description of materials to be purchased;
- (3). To help the purchasing department by suggesting sources of supply;
- (4). To plan purchases in order to avoid emergencies;
- (5). To initiate preparation of specifications on items to be bid;
- (6). To inspect merchandise upon receipt and complete a receiving report noting any discrepancies in types, numbers, conditions, or quality of goods;
- (7). To advise the purchasing department of defective merchandise or dissatisfaction with vendor performance;
- (8). To advise the purchasing department of surplus property.

5-312. Disposal of real property. The City of Newport Purchasing Agent or his/her designee or a designee of the Newport Board of Mayor and Alderman shall be authorized to dispose of and transfer all surplus real property and all improvements to the real property at public auction and as directed by the City of Newport Board of Mayor and Alderman. Negotiated sales shall be approved by the affirmative vote of the board of mayor and alderman. (Ordinance #2017-20)

5-313. Purchase of used equipment. Used equipment may be purchased without sealed bids if the following conditions exist:

- (1). There is a considerable savings over new equipment and the department has a justifiable need.
- (2). The source has been identified as reputable.
- (3). Other sources have been researched for availability of item(s).

- (4). The price is reasonable and within department budget limits.
- (5). The equipment is purchased from another government agency. (Ordinance #2017-20)

5-314. Formal purchase contracts. When an award is made by the City of Newport requiring a signed contract rather than a purchase order for construction, major projects or contracts that will extend beyond any fiscal year, the original comes to the purchasing department for signatures. An original of the executed contract and associated documents will be retained in the bid file. The bid file is located in the purchasing department. All contracts, leases, and lease-purchase agreements extending beyond the end of any fiscal year must have prior approval of the governing body. Contracts extending beyond the end of any fiscal year must be signed by the Mayor. Contracts that are equal to or less than one (1) fiscal year may be signed by the City Administrator, Finance Director, or purchasing agent.

A purchase order properly endorsed by the city purchasing agent or his/her designee and one accepted by the vendor, also forms a binding contract. (Ordinance #2017-20)

5-315. Surety requirements.

(1). Bid bond. A bid bond issued by a surety company licensed to do business in the State of Tennessee may be required for a specified solicitation. The amount of the bid bond shall be stated as a set amount of as a percentage of the bid price. In no event may it exceed five percent (5%) of the total contract price. Bid bonds submitted by unsuccessful vendors will be returned upon award of a contract. Personal checks are not acceptable in the place of bid bonds; however, bank cashier's checks, a certified check or any other direct obligation drawn on a bank doing business in the United States is acceptable.

(2). Performance bond. A performance bond issued by a surety company licensed to do business in the State of Tennessee and acceptable to the City of Newport may be required for a specified solicitation. The amount of the performance bond shall be stated as a percentage of the contract price, but may not exceed on hundred percent (100%) of the total contract price. Personal checks are not acceptable in the place of performance bonds; however, bank cashier's checks are acceptable. An irrevocable letter of credit from a state or national bank or a state or federal savings and loan association having its principal office in Tennessee may be accepted instead of a performance bond, subject to approval of the terms and conditions of said irrevocable letter of credit. If the successful bidder fails to furnish a performance bond and execute a contract within the time allowed, the bid deposit of the bidder shall be retained by the City of Newport as liquidated damages and not as a penalty. In addition, the city shall remain free to pursue any other remedies it may have.

(3). Payment bond. A payment bond issued by a surety company licensed to do business in the State of Tennessee may be required for a specified solicitation. The bond shall be not less than twenty-five percent (25%) or more than one hundred percent (100%) of the contract price. The bond is to ensure that the contractor will pay for all labor and material used by the contractor or any immediate or remote subcontractor under the contractor. (Ordinance #2017-20)

5-316. Quality assurance, inspection, and testing. The purchasing agent or a designee may take such steps as deemed desirable to ascertain or verify that supplies, services or construction items procured conform to specifications. This authority may be delegated to the using department if the best interest of the city operation is served. (Ordinance #2017-20)

5-317. Surplus property. The using department shall identify in writing surplus, scrap, or obsolete property and report same to purchasing. Centralized purchasing shall have the authority to dispose of surplus, scrap, excess or obsolete property and regulate its disposal in a manner deemed to be in the city's best interest. Equipment acquired by a department through federal or state grant funding which no longer serves the needs for which originally acquired shall be disposed of in accordance with the property management regulations of the funding agency. Used equipment may be disposed of via negotiated sale and approved by the board of mayor and alderman if the purchaser qualifies as a government, non-profit, or quasi-governmental agency provided that it is not prohibited by any state or federal laws or grant stipulations if the item was purchased under a grant contract. (Ordinance #2017-20)

5-318. Federal and state surplus property. Authority is granted to the city purchasing agent or his or her designee to monitor both federal and state surplus property programs and to allow using departments to purchase if:

- (1). The price is reasonable;
- (2). The item is budgeted;
- (3). Funds are available; and
- (4). Justification of need is provided.

An approved purchase order and request to purchase will be obtained from the purchasing department before making the purchase. (Ordinance #2017-20)

5-319. Conflict of interest. No employee shall have any financial interest in the profits of any contract, service or other work performed for the city. He/she shall not personally profit directly or indirectly from any contract, purchase, sale or service between the city and any person or company. Any employee violating provisions of this rule shall be subject to appropriate disciplinary action including dismissal. (Ordinance #2017-20)

5-320. Debt owed to City. The City of Newport will not do business with anyone who owes a debt to the city or is a defaulter on surety to the city. Prior to any bid being awarded, the city purchasing agent or his/her designee will confirm with accounts receivable whether the bidder is in arrears to the city. (Ordinance #2017-20)

5-321. Violation of purchasing policies. Department heads will be responsible for explaining any such violations in writing to the mayor, city purchasing agent and/or the board of mayor and alderman. (Ordinance #2017-20)

5-322. Replacement of all prior purchasing policies. This ordinance replaces all prior purchasing policies including, but not limited to, the purchasing policy established under Ordinance #07-19-05-01, July 2005 (Ordinance #2017-20)

5-323. Purchasing when using grant funds. When a grant is obtained by the City and a grant administrator not employed by the City is hired, the administrator of the grant will be responsible to ensure that all purchasing policies of the City and any specific instructions related to purchasing in the grant contract are followed. The firm that is hired as the grant administrator

will be provided a copy of the purchasing policy by the purchasing agent after the purchasing agent is given a copy of the grant administration contract. (Ordinance #2017-20)

5-324. Architectural, Engineering and Construction. Architectural and engineering services will be procured through a request for proposal process. Construction work that is under the coordination and oversight of a construction manager shall be procured through competitive bids. (Ordinance #2017-20)

CHAPTER 4

CREDIT CARD PROCESSING POLICY

SECTION

- 5-401. Objective
- 5-402. Payment card industry data security standard
- 5-403. General policy
- 5-404. Scope
- 5-405. Responsibilities
- 5-406. Requirements
- 5-407. Noncompliance with policy

5-401. Objective. This policy provides the requirements and guidelines for all credit card processing activities at the City of Newport, including debit card processing and e-commerce activities. The policy addresses protection against the exposure to and possible theft of account and personal cardholder information and the compliance with credit card company requirements for card information that is stored, processed, or transmitted on the City's information technology resources. The referenced credit card company requirements are known as the payment card industry data security standard. This policy is based on the presumption that 3rd party providers will be actually processing the transactions and have all required safeguards in place. (Ordinance #2022-04, March 2022)

5-402. Payment Card Industry Data Security Standard. The payment card industry data security standard is a result of collaboration among the major card brands to create common industry security requirements aiming to protect against both cardholder data exposure and compromise. The following programs incorporate payment card industry data security standard: Visa, Mastercard, Discover, American Express.

Policy and procedures must with align with payment card industry data security standards. compliance with the provider rules and this policy is mandatory for all City departments processing credit, debit, or ecommerce payments directly or indirectly. Payment card industry compliance is required of all merchants and service providers that store, process, or transmit cardholder data. The requirements apply to all payment channels, including retail (in person), mail/telephone order, and e-commerce.

All individuals authorized to accept payment cards (debit and credit cards) must securely process, store and dispose of payment card data (paper and electronic media) in order to adhere to the payment card industry data security standards.

The City is to meet and maintain 12 requirements to be payment card industry compliant. Any policy changes need to include these items, listed below:

1. Maintain a firewall—protects cardholder data inside the corporate network
2. Passwords need to be unique—change passwords periodically, do not use defaults
3. Protect stored data—implement physical and virtual measures to avoid data breaches

4. Encrypt transmission of cardholder data across public networks—data must be encrypted, and you should never store card validation data
5. Antivirus—use and regularly update antivirus on all systems holding sensitive data
6. Develop and maintain secure systems and applications—actively search for vulnerabilities and remediate them
7. Restrict access to cardholder data—sensitive data should be accessible on a need-to-know basis to reduce vulnerability
8. Restrict access to system components—systems holding sensitive data should be accessible only with authentication and clear user identification
9. Restrict physical access to cardholder data
10. Track and monitor access to network resources and cardholder data—to provide an audit trail and assist with breach investigations
11. Regularly test security systems and processes—identify weaknesses and remediate them
12. Security policy—maintain a clear policy that addresses information security for all personnel

(Ordinance #2022-04, March 2022)

5-403. General Policy. Departments are not permitted to engage in any form of credit card payment processing without seeking and receiving approval as required by this policy. This includes non-electronic methods (taking payments with an imprinter or payment information on paper forms), face-to-face electronic methods (using point-of-sale terminals, iPads, etc., or PC-based payment software to process transactions), or indirect electronic methods (taking payments over the phone, via fax, or via ecommerce equipped websites whether handled directly by City employees and systems, or by a third party). Employees will need to attend any annual training as required.

This policy can be changed by vote of the Board of Mayor & Alderman only after due consultation with the provider and/or provider rules as well as Payment Card Industry Data Security Standards to maintain compliance.

Specific procedures will be developed by the Finance Department working with Department Heads and other critical employees. Procedures are to be considered a living document that will be updated as needed to accommodate City business to proceed provided they maintain the requirements of this policy. (Ordinance #2022-04, March 2022)

5-404. Scope. This policy applies to all City of Newport employees, contractors, consultants, temporaries, vendors, other third-party workers, and any unit that processes, stores, maintains, transmits, or handles payment card information in a physical or electronic format on behalf of the City of Newport. This includes any entity that utilizes any part of the City of Newport network infrastructure for payment card transaction services.

Note: This policy does not apply to purchasing procurement cards or transactions.
(Ordinance #2022-04, March 2022)

5-405. Responsibilities.

Departments with Merchant IDs accepting credit/debit card payments for services or goods must as follow:

1. Departments:
 - a. Transmit all credit or debit card deposit information to the City Hall at the end of the business day or the next business day after processing. Deposits must be made intact and include all credit or debit card transactions.
 - b. Assure that a central, secure server managed by the information technology office is used when a certified outsource provider is not feasible.
 - c. Provide a list of all payment card industry systems and devices in their area to the information officer,
 - d. Notify the information officer when changes occur to system resources (i.e., new payment card industry systems, addition to payment card industry firewall zone, etc.).
 - e. Assure that computing resources used to process, transmit, or store payment data are placed in the segmented cardholder data environment designated for this purpose and provided by the information officer.
 - f. Reconcile and verify credit card transactions in the accounting reconciliation process as required.
 - g. Notify the information officer immediately of any suspected security breaches.
 - h. Notify Finance Director of any changes to approved credit card transaction processes.
 - I. Notify the Finance Director of any personnel changes as it relates to merchant services and payment card industry compliance.
2. Information Officer:
 - a. Provide hardware, software, and other payment card industry -compliant technical guidance for the purpose of processing, transmitting, and storing payment data.
 - b. Support departments in securing systems processing, transmitting, and storing payment data as needed.
 - c. Maintain lists of all systems and devices that handle, process, or store credit card numbers.
 - d. Meet all payment card industry requirements for any City owned computer programs or programs that the City has a contract with a 3rd party authorizing its' use.
3. Department Head:
 - a. Approve the business need for each department and unit requesting to accept credit cards.
 - b. Monitor the compliance with this policy of payment processing activities conducted by the department to ensure they are compliant.
 - c. Develop credit card processing procedures with the Finance Director to manage payment processing and ensure that all information is relayed to City Hall timely.
 - d. Submit any requests for credit card payment processing to the Finance Director for approval.

4. Finance Department:
 - a. Review departmental policies and procedures for processing credit/debit cards upon initial approval request and periodically, as needed, to validate use.
 - b. Review all proposed technology implementations associated with payment processing prior to applicable entities entering into contracts or equipment / software purchases.
 - c. Approve outsourced electronic payment processors.
 - d. Approve each department and unit that has submitted a request to accept credit cards.
 - e. Oversee credit card accounting for each approved department.
 - f. Develop base procedures for credit card payment processing for City Hall and maintain as needed.
 - g. Promptly report all changes in software, system or application to Local Government Corporation and/or Heartland
(Ordinance #2022-04, March 2022)

5-406. Requirements.

Credit Card Number Storage & Processing.

- a. The department should never store any complete primary account number in electronic or paper format.
- b. Signatures of any cardholders cannot be stored or reproduced in any manner.
- c. Credit card and cardholder information cannot be stored internally for any use. Cardholder data is only to be obtained by an authorized 3rd party service and only for the immediate use of payments to the City.
- d. Employees cannot handle or process the credit transaction on behalf of the cardholder.
- e. The City is not to assign any surcharges to credit card processing when using a 3rd party provider. If surcharges are to be implemented, the City must consult with the current provider to ensure there are no rule violations prior to making those surcharges active.
- f. The City is allowed to charge a convenience or service fee, provided the fee meets all compliance requirements of the Credit Card processor.
- g. The City shall not provide any cash back options.
- h. Departments may elect to outsource some or all of their credit card transaction processing. This option transfers some of the risk to the service provider. Outsourcing does not remove the responsibility for verifying and maintaining protection for the department or the city.
(Ordinance #2022-04, March 2022)

5-407. Noncompliance with Policy. Payment processing capabilities will be suspended for departments that fail to meet the requirements outlined in this policy. Departments that do not comply with this policy and the associated required procedures are subject to, but not limited to, suspension of merchant privileges, disconnection of network services, and/or confiscation of equipment pending review and approval of such processes, procedures, and/or equipment. Additionally, the applicable credit card company may impose significant fines.

Individual employees that are proven to have violated compliance with policy may be subject to legal action to recoup the cost of any fines levied on the City by the Credit Card

Company for rule violation.

Persons in violation of this policy are also subject to a full range of disciplinary action, suspension, termination of employment and legal action. Some violations may constitute criminal offenses under local, state, and federal laws. The City will carry out its responsibility to report such violations to the appropriate authorities. (Ordinance #2022-04, March 2022)