

**RESOLUTION NO. 2022-44**

**A RESOLUTION UPDATING FINANCIAL POLICIES AND PROCEDURES THRESHOLDS FOR CONSISTENCY WITH NEW PURCHASING THRESHOLDS OF \$20,000 AND \$50,000**

**WHEREAS**, the Board of Mayor and Aldermen approved Resolution 2019-59 on 6/25/2019 creating a capital assets policy;

**WHEREAS**, the Board of Mayor and Aldermen approved Resolution 2020-95 on 6/23/2020 creating a grants policy;

**WHEREAS**, the Board of Mayor and Aldermen approved Resolution 2020-105 on 6/23/2020 updating the City's internal control documentation;

**WHEREAS**, the Board of Mayor and Aldermen approved Resolution 2021-96 on 6/22/2021 creating a lease accounting and reporting policy;

**WHEREAS**, these approved financial policies and procedures used consistent thresholds in place for purchasing of \$10,000 for 3 quotes and \$25,000 for public advertisement/sealed bids; and

**WHEREAS**, the Board of Mayor and Aldermen approved Ordinance 2022-20 on 7/12/2022 to increase the purchasing thresholds from \$10,000 to \$20,000 for 3 quotes and from \$25,000 to \$50,000 for public advertisement and sealed competitive bids or proposals are required for non-emergency, non-proprietary purchases.

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

**Section 1:** In the **capital assets policy**, which provides audit requirements for financial inventory, replace the \$25,000 threshold with \$50,000 for financial inventory on page 1 as follows:

Current wording:           ...(2) **Financial Inventory.** These are items held in inventory (stored parts or supplies) that comprise \$25,000 or more in total within a department.

Updated wording.           ...(2) **Financial Inventory.** These are items held in inventory (stored parts or supplies) that comprise \$50,000 or more in total within a department.

**Section 2:** In the **capital assets policy**, which provides audit requirements for recording capital assets, replace the \$25,000 threshold with \$50,000 for equipment on page 2 as follows:

Current wording:           ...The following table summarizes the capitalization thresholds for the city's capital asset types...

Type	Threshold Amount
Land	Purchase Price
Buildings	\$100,000

Improvements	\$100,000
Infrastructure	\$100,000
Equipment	\$25,000

Updated wording: ...The following table summarizes the capitalization thresholds for the city's capital asset types...

Type	Threshold Amount
Land	Purchase Price
Buildings	\$100,000
Improvements	\$100,000
Infrastructure	\$100,000
Equipment	\$50,000

**Section 3:** In the **grants policy**, which provides audit requirements for grant reimbursements, replace the \$10,000 threshold with \$20,000, the \$24,999 with \$49,999, and the \$25,000 threshold with \$50,000 for reimbursement amounts on page 1 as follows:

Current wording: ...Timely reimbursements after payment are critical with grants. After payments has been made, a reimbursement is to be requested within the time periods below unless the grant provides otherwise:

1. If \$100,000 or over, within 14 days of the payment.
2. If between \$25,000 and \$99,999, at least monthly within 14 days of month-end.
3. If between \$10,000 and \$24,999, at least quarterly within 14 days of quarter-end.
4. Under \$10,000 may be done annually within 45 days of fiscal year-end.

Updated wording: ...Timely reimbursements after payment are critical with grants. After payments has been made, a reimbursement is to be requested within the time periods below unless the grant provides otherwise:

1. If \$100,000 or over, within 14 days of the payment.
2. If between \$50,000 and \$99,999, at least monthly within 14 days of month-end.
3. If between \$20,000 and \$49,999, at least quarterly within 14 days of quarter-end.
4. Under \$20,000 may be done annually within 45 days of fiscal year-end.

**Section 4:** In the City's **internal control documentation**, which provides audit requirements for internal controls, replace the \$10,000 threshold with \$20,000 and the \$25,000 threshold with \$50,000 as follows:

Current wording: [On pages 53-54] Under ensure that all purchases are authorized and proper:

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

[On page 57] Under ensure that all disbursements are for municipal purposes, ensure that all disbursements are accurately recorded, ensure that all disbursements are authorized and proper, and ensure that all payments are timely:

- ...1. Disbursements cannot be processed without an approved invoice (on unit price purchases up to \$10,000), or 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.

Updated wording:

[On pages 53-54] Under ensure that all purchases are authorized and proper:

- ...2. Departments shall be for responsible for purchases and project valued less than \$50,000.
- ...6. Purchases valued less than \$50,000 but not less than \$20,000 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.
- ...13. The Purchasing Manager must approve purchases amounting to \$20,000 or more.
- ...14. The Board of Mayor and Aldermen must approve purchases amounting to \$50,000 or more.

[On page 57] Under ensure that all disbursements are for municipal purposes, ensure that all disbursements are accurately recorded, ensure that all disbursements are authorized and proper, and ensure that all payments are timely:

- ...1. Disbursements cannot be processed without an approved invoice (on unit price purchases up to \$20,000), or an approved requisition and 3 quotes on unit price purchases between \$20,000 and \$50,000, or an approved PO with 3 bids and BOMA approval on unit price purchases above \$50,000.

**Section 5:** In the **lease accounting and reporting policy**, which provides audit requirements for lease accounting and reporting, add threshold of \$50,000 or more on page 1 as follows:

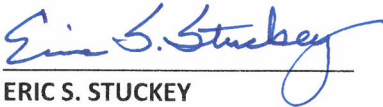
Current wording: ...This policy applies to leases of land, building, vehicles, or equipment, which are included in the new requirements.


Proposed update: ...This policy applies to leases of land, building, vehicles, or equipment of \$50,000 or more, which are included in the new requirements.

IT SO RESOLVED AND DONE on this 23<sup>rd</sup> day of August 2022.

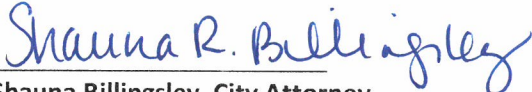
ATTEST:

CITY OF FRANKLIN, TENNESSEE

By:   
ERIC S. STUCKEY  
City Administrator

By:   
DR. KEN MOORE  
Mayor

Approved as to Form:

  
Shauna Billingsley, City Attorney