

TITLE 5

MUNICIPAL FINANCE AND TAXATION¹

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CHAPTER 1

IN GENERAL

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¹Charter references: §§ 9, 10(1), 10(6), 12, 27, and 28.

5-101. Fiscal year and selection of depository. The fiscal year of the city government shall begin on the 1st day of July and end on the 30th day of June of the succeeding year. The city shall establish its depository on a five-year basis after having developed specifications and having solicited bids from financial institutions for said city business. (1988 Code, § 6-101, modified)

5-102. Budget—city administrator to submit; mayor's budget message. (1) On or before a date fixed by the board of mayor and aldermen, but not later than fifteen (15) days prior to the beginning of each fiscal year, the city administrator shall prepare and submit to the board a proposed budget for the next fiscal year, showing separately from the general fund, each utility, and for each other fund the following:

- (a) Revenue and expenditures during the preceding fiscal year;
- (b) Appropriations and estimated revenue and expenditures for the current fiscal year;
- (c) Estimated revenue and recommended expenditures for the next fiscal year.

(2) The mayor and/or the city administrator may recommend and estimate additional revenue measures, provided such estimates are separated clearly from normal revenue estimates.

(3) The budget shall be accomplished by a message from the mayor containing a statement of the general fiscal policies of the city, the important features of the budget, explanations of major changes recommended for the next fiscal year as compared with the current fiscal year, a general summary of the budget and such other comments and information as he may deem pertinent.

(4) A sufficient number of copies of the mayor's message shall be reproduced to furnish a copy to any person desiring one, and a copy of the budget in full shall be filed with the board and furnished to each alderman. (1988 Code, § 6-102)

5-103. Hearing. After receiving the annual budget and the mayor's budget message, the board shall fix a time and place for a public hearing thereon and shall cause a public notice thereof to be published once in a newspaper of general circulation in the city at least five (5) days in advance of the date of the hearing. The public hearing shall be held before the board at the stated time and place, and all persons present shall be given an opportunity to be heard. (1988 Code, § 6-103)

5-104. Appropriations; recorder's monthly report. (1) After the public hearing provided for in § 5-103, and before the beginning of the ensuing fiscal year the board shall adopt an appropriation ordinance, based on the budget with such modifications as the board considers necessary or desirable. Appropriations need not be in more detail than a lump sum for each department and agency. The board shall not make any appropriations in excess of estimated

revenue, except to provide for an actual emergency threatening the health, property or lives of the inhabitants of the city, provided, the board unanimously agrees there is such an emergency. If emergency conditions prevent the adoption of an appropriation ordinance before the beginning of the new fiscal year, the appropriations for the last fiscal year shall become the appropriations for the new fiscal year, subject to amendment as provided in this section. Amendments may be made to the original appropriation ordinance at any time during a current fiscal year after a public hearing before the board on five (5) days' notice published once in a newspaper of general circulation in the city. Any portion of an annual appropriation remaining unexpended and unencumbered at the close of a fiscal year shall elapse and be credited to the general fund, except that any balance remaining in any other fund at the end of a fiscal year may remain to the credit of that fund and be subject to further appropriation.

(2) At the end of each month the director of finance shall submit a detailed budget report to the board, showing estimated and actual receipts and expenditures or encumbrances for that month and the fiscal year to the end of that month, as well as the amount encumbered or expended in excess of any of the itemized estimates of expenditures supporting the appropriations.

(3) All appropriation and budget ordinances enacted pursuant to the provisions of this section, as well as all amendments thereto enacted pursuant to said provisions, are incorporated in this code by reference as though same were fully copied herein, and shall be kept on file at the office of the City Recorder, City of Tullahoma, Tennessee, for review by any interested parties during normal business hours.

(4) Prior to the approval of any amendment to the annual budget that would increase appropriations for the expenditure of city funds, the city board shall approve a resolution that identifies a corresponding source of funds to cover the proposed additional expenditure, and/or identifies a corresponding reduction in expenditure to compensate for the proposed additional expenditure. The format for said resolution is as follows:

RESOLUTION NO. _____

BE IT RESOLVED by the Board of Mayor and Aldermen of the City of Tullahoma, Tennessee that it intends to amend its annual budget by providing for the additional expenditure of funds for the (project description)

_____.

BE IT FURTHER RESOLVED that the Board of Mayor and Aldermen understands that prior to including the above described additional expenditure of funds in a budget amendment ordinance, that it must identify a corresponding source of funds and/or expenditure reduction, as provided in _____ of the Tullahoma Municipal Code.

BE IT FURTHER RESOLVED that the Board of Mayor and Aldermen of the City of Tullahoma, Tennessee hereby identifies the following income source and/or expenditure reduction to allow for the proposed expenditure increase described above, and that the following budget changes will be included in a forthcoming ordinance amending the annual budget:

Increased Revenue/Expenditure Reduction

| Account No. | Description | Amount |
|-------------|-------------|--------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

Increased Expenditure/Appropriation

| Account No. | Description | Amount |
|-------------|-------------|--------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

PASSED AND APPROVED BY THE Board of Mayor and Aldermen of the City of Tullahoma, Tennessee this ____ Day of _____, 19__.

Mayor

Recorder

(5) Nothing in this section shall be constructed or interpreted as an expansion or limitation of any power or authority granted to the city by the State of Tennessee. (1988 Code, § 6-104, as amended by Ord. #1391, Oct. 2009)

5-105. Depository to be designated. Every five (5) years, or before thirty (30) days prior to the end of the respective fiscal year (June 30), the City of Tullahoma shall solicit bids from the banks in the city for the safe keeping of

the general fund of the city, and the bank offering terms deemed most advantageous to the financial interest of the city shall be designated as the depository of the city for the ensuing three-year period. Said bids shall be opened and awarded prior to July 1st of each year for which bids have been solicited. Said financial arrangements shall be reviewed annually, during said three-year period thereafter, and the board of mayor and aldermen may take whatever action they believe to be in the best interest of the city upon said review. Bids may also be solicited for the deposit of different funds of the city in different accounts and upon different terms, all as is deemed in the best interest of the city by the board of mayor and aldermen from time to time. Any arrangements may be cancelled by city upon ninety (90) days' notice to any depository or depositories. (1988 Code, § 6-105, modified)

5-106. Annual audit; publication. The board shall employ a certified public accountant to make an annual audit of all financial books and records of the city. The accountant shall file his report as required by law, and with the board at a time agreed to between him and the board, and he shall prepare a summary of the report which shall be published once in a newspaper of general circulation in the city.

The Board of Mayor and Aldermen of the City of Tullahoma, Tennessee, shall take whatever action is necessary to see that it and all departments, boards and agencies under its jurisdiction shall fully comply with the provisions of Tennessee Code Annotated, § 6-56-105. The board is hereby authorized hereunder to enter into contracts and to take any other actions deemed necessary by it, to provide for master, single audits for all city agencies, except the Tullahoma Housing Authority if exempted by HUD regulations. (1988 Code, § 6-106)

5-107. Annual audit of financial activities of franchise holders. Pursuant to Tennessee Code Annotated, § 6-56-105, there shall be prepared, annually, an audit, for any corporation, public utility, quasi-public utility or other organization operating under a franchise from the city. (1988 Code, § 6-107)

5-108. Excess city funds, investments, investment income; trust fund for proceeds from sale of hospital. (1) Power of board of mayor and aldermen. The board of mayor and aldermen of the City of Tullahoma, Tennessee, is hereby empowered to invest excess city funds from time to time in any and all investments as are authorized by the laws of the State of Tennessee pertaining to municipal corporations, and is further authorized to direct that the income created by and generated from said investments be deposited to the general fund of the City of Tullahoma, Tennessee, and the application thereof to be as is set forth in the annual budgets of the Mayor and Aldermen of the City of Tullahoma, Tennessee, as amended from time to time.

(2) Creation of trust fund for net proceeds of sale of John W. Harton Memorial Hospital. There is hereby established a trust fund to be created by those funds representing the net proceeds realized by the City of Tullahoma, Tennessee, from the sale of the John Harton Memorial Hospital, as said net proceeds are hereinafter defined. The Mayor and City Recorder of the City of Tullahoma, hereinafter referred to as "trustors," are hereby appointed as "trustors," in their official capacities and not as individuals. Said trust hereby established is set forth for the use and benefit of the City of Tullahoma, Tennessee, hereinafter referred to as "beneficiary." Said trust is established to utilize funds belonging to the City of Tullahoma, Tennessee, in the creation of this trust, the purpose of said trust being to facilitate the investment of the net proceeds realized by the City of Tullahoma, Tennessee, from the sale of the John Harton Memorial Hospital, in such form of investments and/or securities as are hereinafter set forth, and to insure that the income generated from said investments shall be deposited to the general fund of the City of Tullahoma, Tennessee, as received, and the application thereof shall be as is directed in various budgetary documents as are enacted by the board of mayor and aldermen from time to time. Said trust created by this subsection (2) which has been executed by the said trustors aforementioned, indicating their approval of the matters contained herein, hereby provides that said funds shall be administered by the trustees herein appointed who shall be the Mayor of the City of Tullahoma, Tennessee; the Mayor Pro-Tem of the City of Tullahoma, Tennessee; the city recorder and the city administrator, and their successors in office acting in their respective official capacities as officers of the city and not as individuals, which trustees have indicated their acceptance and approval of the matters contained herein, and their willingness to assume the duties imposed upon them hereby. Said trustees shall be bonded to insure the faithful performance of their duties in an amount to be established by the beneficiary, City of Tullahoma, by and through the board of mayor and aldermen upon motion properly adopted. No action shall be taken by said trustees regarding any assets comprising all or a portion of said trust fund, except upon the direction of the board of mayor and alderman, by proper authority, and no documents shall be valid regarding any of said assets comprising said trust fund unless executed by all of the trustees hereinabove appointed.

The duration of this trust shall be for twenty (20) years and during said term the trust shall be irrevocable, except as hereinafter set out and the corpus hereof shall remain in trust and none of same shall be distributed to the beneficiary or others during the term of said trust, except as is hereinafter set out. Securities to be purchased with said trust funds or investments to be made by said trustees with said trust funds shall be securities issued by the United States government or some agency thereof, in the form of United States treasury securities, or federal agencies securities issued by the following agencies:

- (a) Federal Farm Credit Bonds;

(b) Federal Home Loan Bank Bonds, with a maturity not to exceed twenty (20) years, or such other securities or certificates of deposit or other debt instruments as are secured by a pledge of United States government guaranteed securities with a market value adjusted monthly, equal to or greater than the deposit instrument.

The corpus of said trust fund shall be created by the net proceeds of sale of John W. Harton Memorial Hospital as said net proceeds are hereinafter defined, as received, after payment of legal, administrative and other expenses incident to the sale of said hospital. The corpus of said trust shall be held in trust under the provisions set forth herein. Although the provisions of said trust agreement are that said trust is irrevocable for the term of twenty (20) years, said trust may be revoked in whole or in part by the unanimous vote of the trustees herein appointed in the event, and only in the event, that it becomes desirable and/or necessary for the City of Tullahoma, Tennessee, to repurchase John W. Harton Memorial Hospital, or any of its properties, from the parties to whom said hospital has been sold, pursuant to any contractual rights, agreements or obligations contained in that certain asset purchase agreement entered into on the 17th day of June, 1982, between the City of Tullahoma, Tennessee, a municipal corporation ("seller") and American Healthcorp of Tullahoma, Inc., a Delaware corporation ("Healthcorp"), or any agreements, exhibits, letter memos, or undertakings associated therewith, or in the event that it becomes necessary to expend any of said corpus for the purposes of satisfying and fulfilling any contractual obligations of the City of Tullahoma assumed by it or imposed upon it by virtue of that certain asset purchase agreement aforementioned. Said trustees shall be directed by the Board of Mayor and Aldermen of the City of Tullahoma, Tennessee, representatives of the beneficiary, to revoke said trust created hereby in whole or in part to fulfill any of said aforementioned contractual obligations or to take advantage of any rights conferred upon the city in said asset purchase agreement.

Said net proceeds derived from the sale of the John W. Harton Memorial Hospital shall be those net amounts received by the City of Tullahoma pursuant to said sale after payment of legal fees, recording expenses, fees for professional services rendered other than legal fees, fees connected with the investment of said proceeds pursuant to the terms hereof, and any and all other costs and expenses necessarily incidental to the consummation of the sale of said hospital, and costs and expenses necessary to fulfill the contractual obligations of the city imposed upon it, at closing, by virtue of said asset purchase agreement aforementioned, and the investment of the proceeds derived therefrom.

Initially, upon consummation of said sale, the trustees herein appointed shall direct the investment of approximately ten million dollars (\$10,000,000.00) according to those terms and conditions as are hereinabove set forth. The balance of said net proceeds over and above the approximate amount of ten million dollars (\$10,000,000.00) shall be invested by said trustees on an interim basis in such short term investments as said trustees deem to be wise and

expedient under the circumstances then prevailing to be held for such time as the trustees deem advisable, for utilization in the satisfaction of any contractual obligations assumed by or imposed upon the City of Tullahoma as a result of said asset purchase agreement aforementioned, and any agreements, exhibits, letter memos, or undertakings associated therewith. At such time as said trustees determine that there is no longer any necessity to retain said funds in excess of ten million dollars (\$10,000,000.00) in short term investments, then said trustees shall invest any funds so remaining, under those terms and conditions as are hereinabove set forth pertaining to the investment of said initial approximate amount of ten million dollars (\$10,000,000.00), and in such investments as are hereinabove defined, for a term not to exceed twenty (20) years from the date of final enactment hereof. If any investment made by the trustees is for a term or period of less than twenty (20) years from the date of the final enactment hereof, then at the maturity of said investment the trustees shall reinvest said funds as they deem to be proper and expedient under the circumstances then prevailing.

The City Recorder of the City of Tullahoma, Tennessee, is hereby directed to pay such fees, costs and expenses incident to the sale of said Harton Memorial Hospital and the consummation thereof, as are hereinabove set forth from said funds in excess of ten million dollars (\$10,000,000.00) upon receipt of same from the purchaser, prior to turning over the balance thereof to said trustees, or at their direction to invest the balance thereof short term, as is hereinabove set forth.

The trustees herein shall report any and all activities conducted by them, as such, in fulfillment of the duties herein imposed upon them, in writing, from time to time to the Board of Mayor and Aldermen of the City of Tullahoma, Tennessee, said board of mayor and aldermen acting in behalf of the beneficiary herein named, which board shall ratify in the official minutes of the City of Tullahoma all of said activities, as reported to them.

The trustees shall immediately report to and pay over to the City of Tullahoma all net income received as a result of the investment of the trust funds as is hereinabove directed.

At the termination of the trust created herein, twenty (20) years from the date of enactment hereof, the trustees shall pay over to the City of Tullahoma the corpus or any remaining portion thereof, of said trust estate and this trust shall be at an end.

The Board of Mayor and Aldermen of the City of Tullahoma, Tennessee, shall require financial institutions acting as depositories for any funds owned and/or controlled by the City of Tullahoma or any of its agencies, including but not limited to, the Tullahoma Utilities Board, the Tullahoma Board of Education, etc., to pledge assets to secure said public funds, at any time when said funds located in and deposited with said financial institution are in excess of deposit insurance coverages applicable to said deposit or deposits, said assets so pledged to be as are designated by the board of mayor and alderman, from

time to time, by action properly taken and/or as is required by the laws of the State of Tennessee, including but not limited to, Tennessee Code Annotated, § 9-1-107; and any Tennessee state or national bank, or savings and loan association may be utilized as a depository for city money so long as the portion of the money on deposit, that is not insured either by the Federal Deposit Insurance Corporation or the Federal Saving and Loan Insurance Corporation, is secured by collateral having a market value of 105% of the uninsured portion of deposits. Such collateral shall be securities of a type and quality as specified by the board of mayor and aldermen as aforescribed, except that securities of the United States Government or its agencies, securities backed by the full faith and credit of the State of Tennessee, and securities backed by the full faith and credit of the City of Tullahoma and Coffee County, Tennessee, and Franklin County, Tennessee, shall always be acceptable as collateral for deposits. Securities will be pledged to the City of Tullahoma as collateral for deposits by placing them in escrow with a trustee approved by the Board of Mayor and Aldermen of the City of Tullahoma, by resolution, from time to time. Any security thus placed in escrow may be replaced by a security of the kind specified in this paragraph, which has an equal or greater market value, without prior authorization by the City of Tullahoma. Replacement by any other security must first be authorized in writing by the city official having custody of the funds, or by the board of mayor and aldermen.

Any present city depository that has pledged as collateral for deposits any securities not of the kind specified as acceptable must replace those securities by July 1, 1984, after the final enactment of this ordinance.

For purposes of this section, "money on deposit" means the aggregate of the balances in non-interest bearing demand deposit accounts, interest bearing time deposit accounts, certificates of deposit and any other liquid assets held by the depository for the city, and for all of the city's agencies as defined above, or for any individuals whose money is in trust with the city; provided, however, that the provisions of this ordinance shall not apply to repurchase agreements, since repurchase agreements, by definition, call for the pledging of assets, which assets might be of different nature from those required herein; however, said assets so pledged, pursuant to any repurchase agreement, must be acceptable to the Director of Finance of the City of Tullahoma at all times.

Further, provided that the provisions of this section shall not apply to deposits generated by the Tullahoma Utilities Board for payment of utility bills at participating institutions. (1988 Code, § 6-108, modified)

5-109. Sale or exchange of assets owned by the city; methods; procedures; terms; execution of documents. The Board of Mayor and Aldermen of the City of Tullahoma, Tennessee, is hereby authorized from time to time to enter into, by and through the mayor and city recorder, contracts for the sale, exchange or disposition of any and all assets owned by the City of Tullahoma, the execution of said contracts to be approved by the ordinances of

the City of Tullahoma, Tennessee, which approving ordinances shall provide for the execution of documents transferring or conveying title and any and all other documents to consummate said transactions. Any and all ordinances enacted for the purposes aforementioned shall be enacted pursuant to this section of the code of ordinances of the City of Tullahoma from time to time and shall be included under said heading in said city code. (1988 Code, § 6-109)

5-110. Contracts, correspondence, etc., to be in the name of city.

All contracts, agreements, purchases, correspondence, bills, and invoices for the city must be made in the name of the city. (1988 Code, § 6-110)

5-111. Establishment of a capital equipment purchase account and the authorization of charging of depreciation on all equipment serviced by the public works shop division, and provisions relating thereto.

Capital equipment replacement fund. The City of Tullahoma has a substantial investment in motor vehicular equipment and other equipment serviced by the public works shop division; and the depreciation of said equipment is a major part of the cost of operation of the same; and it is both necessary and desirable that funds representative of the cost of depreciation of the said vehicles and equipment be charged to the various departments of the city during the life of the said vehicles and equipment and the proceeds thereof be set aside and reserved for the purpose of replacement of said motor vehicles and equipment so that funds will be available for replacement of vehicles and equipment as and when needed. In order to accomplish the foregoing the following is hereby enacted:

(1) The city administrator is hereby authorized to establish and adopt, and to revise and amend from time-to-time a schedule of charges to be made to each department of the city, representing an allocation of such charges as between the cost of maintenance and depreciation of such equipment.

(2) The finance director shall, in the normal accounting procedures of the city, and the management of its funds, charge each department of the city for the operation of each of its motor vehicles and equipment, or as amended and revised from time-to-time, such charges to be made at regular intervals on each piece of equipment of the city serviced by the public works shop division.

(3) The finance director is directed to set aside and to place in a separate account in the capital equipment replacement fund all such amounts charged as depreciation, and to use the said fund and the moneys therein and to expend the same only for the purchase of replacement motor vehicles and equipment as and when such purchases shall be required from time-to-time.

(4) All moneys received as a result of the sale of used equipment of this city shall likewise be set aside and placed in said account, to be used and expended as aforesaid.

(5) All moneys received as interest on investments from the capital equipment replacement fund shall be placed in said account. (1988 Code, § 6-111, modified)

5-112. Capital improvements program. There is hereby established and authorized a Capital Improvements Program for the City of Tullahoma, Tennessee. The city administrator is authorized to initiate and develop such a program and maintain same and keep same up to date hereafter. All boards and agencies of the City of Tullahoma, Tennessee, must submit capital improvement items requiring city financing to the city administrator for inclusion in said capital improvements program. (1988 Code, § 6-112, modified)

5-113. Application for permits, licenses, and/or privileges—payment of all delinquent charges, taxes and fees. At such time as any entity, whether it be a natural person, partnership, corporation, unincorporated association, etc., shall make application to the City of Tullahoma for a permit or license or other privilege for which application is required in the code of ordinances of the City of Tullahoma, Tennessee, and for which a permit, license, fee, tax or application is required by this code in advance of conducting any operations, prior to such permit, license or privilege, etc., being granted and/or issued by the city, said applicant must pay all delinquent charges, fees, taxes, assessments, fines, etc., previously assessed against said entity, of every nature whatsoever, including but not limited to real or personal property taxes assessed against said entity, including appropriate penalties, interest, collection costs, attorney fees, etc. (1988 Code, § 6-113, as replaced by Ord. #1396, Feb. 2010)

5-114. Authority to borrow money and issue bonds as security therefor. The Board of Mayor and Aldermen of the City of Tullahoma, Tennessee, shall, from time to time, pursuant to its statutory authority and to the authority set forth in the Charter of the City of Tullahoma, Tennessee, issue bonds, both revenue and general obligation for the purpose of borrowing money to provide funds for the fulfillment of the various powers and authority set forth in the Charter of the City of Tullahoma, Tennessee, and the statutes of the State of Tennessee, for providing funds for the erection and/or establishment of facilities in the interest of the health of the inhabitants of the City of Tullahoma, Tennessee, and their well being, and in the interest of all other matters set forth in section 9 of the Charter of the City of Tullahoma, Tennessee, and otherwise as is found in the Charter of the City of Tullahoma, Tennessee, and may by resolution or ordinance hereafter approve the issuance of said bonds from time to time pursuant to the provisions hereof, which ordinances and/or resolutions shall be spread upon the minutes of the City of Tullahoma, Tennessee, but need not be incorporated in this code. (1988 Code, § 6-114)

5-115. Reimbursement of expenses, travel pay. The City of Tullahoma will reimburse authorized board members and employees for reasonable travel expense on official business. Authorization for trips will be made by the city administrator or CAO of the specific board/agency and a signed copy of authorization will be presented to the finance director prior to the contemplated trip and issuance for cash advance for expenses.

In the interpretation of this section, the term "traveler" or "authorized traveler" shall mean any elected or appointed municipal officer or employee, including members of municipal boards and committees appointed by the mayor or the municipal governing body, and the employees of such boards and committees who are traveling on official municipal business and whose travel was authorized in accordance with this section. "Authorized traveler" shall not include the spouse, children, other relatives, friends, or companions accompanying the authorized traveler on city business, unless such person or persons otherwise qualify as an authorized traveler under this section.

To qualify for reimbursement, travel expenses must be:

(1) Directly related to the conduct of the city business for which travel was authorized; and

(2) Actual, reasonable, and necessary under the circumstances. The CAO may make exceptions for unusual circumstances.

(a) Reimbursement of expenses for members of the board of mayor and aldermen. Members of the board of mayor and aldermen shall be allowed the same mileage rate per mile as is set out in sub-paragraph (1) above and the same meal allowances as are provided in sub-paragraph (3) above. However, said board members will only be reimbursed for miles in any one month over 50 miles of travel within the city limits of Tullahoma. All out of town travel shall be fully reimbursable. Travel vouchers must be submitted for approval to the city administrator or CAO of the board/agency for reimbursement for mileage. Reimbursement mileage over 50 miles per month shall not include mileage incurred by board members to attend regular board meetings or regular meetings of agencies, boards or commissions to which board members are appointed, nor shall said mileage to said regular meetings be included in computing the exempt first 50 miles. (1988 Code, § 6-115)

5-116. Regulation of basic cable television service and equipment.

(1) Pursuant to authority granted by the Cable Television and Consumer Protection Act of 1992 at 47 U.S.C. 543, and Federal Communications Commission action under the authority of said Act certifying the City of Tullahoma to regulate basic cable television service within the boundaries of the city; and for the purposes of regulating the rates charged to customers of any cable television operator franchised by the city, the regulations contained in Title 47 of the Code of Federal Regulations, Part 76, Subpart N, sections 76.900

through 76,985, are hereby adopted and incorporated by reference as a part of this code.

(2) Whenever the regulations cited in subsection (1) above refer to "franchising authority", it shall be deemed to be a reference to the Board of Mayor and Aldermen of the City of Tullahoma, Tennessee. (1988 Code, § 6-116)

5-117. Management of bonds and notes. All revenues derived from general obligation bonds and notes shall be managed and disbursed from the finance office. The finance office shall disburse said funds based on invoice, only for the purpose for which the general obligation bonds or notes were issued.

(1) In the event funds remain after project completion, the board of mayor and aldermen shall provide direction as to the use of the funds, whether to pay down principal and interest or apply the funds to another project.

(2) In the case of a school or education-related capital project, should funds remain after project completion, the city board of education may recommend to the board of mayor and alderman that the said funds be used for another school capital project and the board of mayor and alderman may consider that recommendation in the designation and application of those remaining funds to other school or education-related capital projects. (as added by Ord. #1358, Dec. 2007, and amended by Ord. #1391, Oct. 2009)

CHAPTER 2

PROPERTY TAX

SECTION

5-201. Ad valorem property taxes--establishing rate and assessment valuation.

5-202. Correction of errors in assessments.

5-203. Discoveries.

5-204. Exemption for disabled veterans.

5-205. Exemption of city from tax delinquency suit restriction.

5-201. Ad valorem property taxes--establishing rate and assessment valuation. The municipal tax rate on every one hundred dollars (\$100.00) of taxable property within the city shall be as the board of mayor and aldermen directs. The assessment valuation of all property located within the county shall be taken from the books of the tax assessor of the county wherein such property is located, and shall be the same as the assessment of the state and county. (1988 Code, § 6-301)

5-202. Correction of errors in assessments. All complaints of erroneous assessments for taxes shall be referred to the recorder, who is hereby empowered to investigate and correct the same upon the tax books and report the action to the board of mayor and aldermen. (1988 Code, § 6-302)

5-203. Discoveries. The tax collector shall add to his list, value and assess and collect taxes upon all property which he may find omitted or overlooked by the county tax assessor, and report the same to the board of mayor and aldermen. (1988 Code, § 6-303)

5-204. Exemption for disabled veterans. (1) There shall be exempt from all property taxation real property up to the value of ten thousand dollars (\$10,000.00) when such property is owned and is used exclusively by a disabled veteran as a home.

(2) For the purposes of this section, a disabled veteran is defined to mean a person who has served in the Armed Forces of the United States in time of war and who has acquired in connection with such service a disability from paraplegia or permanent paralysis of both legs and lower parts of the body resulting from traumatic injury to the spinal cord or brain, or from total blindness, or from the amputation of both legs or both arms. For the purposes of this section, "in time of war" shall be defined to mean and include any time in the periods when this nation is or was in actual conflict with an aggressor nation, or any time when the president of the United States has declared this country to be in a state of emergency.

(3) Under no conditions shall this exemption extend to any person who was dishonorably discharged from any of the armed services in time of war. (1988 Code, § 6-304)

5-205. Exemption of city from tax delinquency suit restriction.
The board of mayor and aldermen hereby exempts the city from the provisions of Tennessee Code Annotated, § 67-5-2413, as are provided for therein. (1988 Code, § 6-305)

CHAPTER 3**BUSINESS TAX****SECTION**

5-301. Levy; adjustments and refunds.

5-301. Levy; adjustments and refunds. The taxes provided for in Tennessee Code Annotated, § 67-4-701, et seq., known as the "Business Tax Act," as amended from time to time, are hereby enacted and levied on the businesses and business activities, vocations or occupations doing business or exercising a taxable privilege as provided for by said act, in the city at the rates and in the manner prescribed by said act. The proceeds of the privilege taxes herein levied shall accrue to the general fund. All provisions of said "Business Tax Act" are incorporated herein by reference. The City Recorder of the City of Tullahoma is authorized and empowered to settle and adjust with taxpayers all errors and double assessments of city taxes erroneously or illegally collected by the city and to direct the refunding of the same. Any claim for such refund by the city of taxes or revenue alleged to have been erroneously or illegally paid shall be filed with the city recorder supported by proper proof within one (1) year from the date of payment, otherwise the taxpayer shall not be entitled to refund and said claim for refund shall be barred. (1988 Code, § 6-401)

CHAPTER 4

LOCAL SALES TAX

SECTION

- 5-401. Basic sales tax--levy; amounts.
- 5-402. Incorporation of state law.
- 5-403. Collection by state.
- 5-404. Suits for tax illegally collected.
- 5-405. Additional sales tax--levy; amounts.
- 5-406. Collection by state.
- 5-407. Suits for recovery of illegally collected taxes.
- 5-408. Further additional sales tax--levied; amounts.
- 5-409. Collection by state.
- 5-410. Suits for tax illegally collected.
- 5-411. Allocation of retailer's sales tax.

5-401. Basic sales tax--levy; amounts. As authorized by Tennessee Code Annotated, title 67, chapter 6, part 7, there is levied a tax in the same manner and on the same privileges subject to the Retailers' Sales Tax Act under Tennessee Code Annotated, title 67, chapter 6, as the same may be amended, which are exercised in the city. The tax is levied on all such privileges at a rate of one-third of the rates levied in the Retailers' Sales Tax Act, codified in Tennessee Code Annotated, title 67, chapter 6; provided the tax shall not exceed five dollars (\$5.00) on the sale or use of any single article of personal property, and there is excepted from the tax levied by this section the sale, purchase, use, consumption or distribution of electric power or energy, or natural or artificial gas, or coal and fuel oil. Penalties and interest for delinquencies shall be the same as provided in Tennessee Code Annotated, §§ 67-6-505, 67-6-506, and 67-6-516. (1988 Code, § 6-501)

5-402. Incorporation of state law. All the provisions of all applicable state laws relating to the levy and collection of retailers' sales taxes by the state department of revenue under certain conditions are hereby incorporated by reference and made a part hereof as though they were copied herein in full. (1988 Code, § 6-502)

5-403. Collection by state. It having been determined by the department of revenue of the state that it is feasible for this tax to be collected by that department, said determination being evidenced by local option sales and use tax rules and regulations heretofore promulgated by the department of revenue, the department shall collect such tax concurrently with the collection of the state tax in the same manner as the state tax is collected in accordance with rules and regulations promulgated by said department. The mayor is

hereby authorized to contract with the department of revenue for the collection of the tax by the department, and to provide in said contract that the department may deduct from the tax collected a reasonable amount or percentage to cover the expense of the administration and collection of said tax. (1988 Code, § 6-503)

5-404. Suits for tax illegally collected. In the event the tax is collected by the department of revenue, suits for the recovery of any tax illegally assessed or collected shall be brought against the mayor of the city. (1988 Code, § 6-504)

5-405. Additional sales tax--levy; amounts. As authorized by Tennessee Code Annotated, § 67, 6-701, as amended, there is levied a tax in the same manner and on the same privileges subject to the "Retailers' Sales Tax Act" under Tennessee Code Annotated, title 67, chapter 6, as the same may be amended, which are exercised in the city. The tax is levied on all such privileges at a rate of four-ninths (4/9) of the rates levied in the Retailers' Sales Tax Act, Tennessee Code Annotated, title 67, chapter 6, as amended, so long as the general state rate continues at four and five-tenths (4.5) per cent, and at two-thirds (2/3) of the state rates if and when the general state rate is reduced to three (3) per cent, and on farm and industrial machinery at the rate of one-half (1/2) of one per cent.

The tax levied shall be in addition to the sales tax now being levied by the state and county. The additional tax herein levied shall not exceed seven dollars and fifty cents (\$7.50) on the sale or use of any single article of personal property, and there is excepted from the tax levied herein the sale, purchase, use, consumption or distribution of electric power or energy, or natural or artificial gas, or coal and fuel oil. Penalties and interest for delinquencies shall be the same as provided in Tennessee Code Annotated, §§ 67-6-505, 67-6-506, and 67-6-516. (1988 Code, § 6-505)

5-406. Collection by state. It having been determined by the department of revenue of the state that it is feasible for this tax to be collected by that department, said determination being evidenced by local option sales and use tax rules and regulations heretofore promulgated by the department of revenue, the department shall collect such tax concurrently with the collection of the state tax and in the same manner as the state tax is collected in accordance with rules and regulations promulgated by said department. The mayor is hereby authorized to contract with the department of revenue for the collection of the tax by the department, and to provide in said contract that the department may deduct from the tax collected a reasonable amount or percentage to cover the expense of the administration and collection of said tax. (1988 Code, § 6-506)

5-407. Suits for recovery of illegally collected taxes. In the event the tax is collected by the department of revenue, suits for recovery of any tax illegally assessed or collected shall be brought against the mayor. (1988 Code, § 6-507)

5-408. Further additional sales tax--levied; amounts. As authorized by Tennessee code Annotated, title 67, chapter 6, part 7, as amended, there is levied a tax in the same manner and on the same privileges subject to the Retailers' Sales Tax Act under Tennessee Code Annotated, title 67, chapter 6, as the same may be amended, which are exercised in the city. The tax is levied on all such privileges at a rate of one-ninth (1/9) of the rates levied in the Retailers' Sales Tax Act, Tennessee Code Annotated, title 67, chapter 6, as amended, so long as the general state rate continues at four and one-half (4-1/2) per cent, and at one-sixth (1/6) of the state rates if and when the general state rate is reduced to three (3) per cent. Provided with respect to industrial and farm machinery as defined in Tennessee Code Annotated, § 67-6-102, subparagraphs (n) and (p), and with respect to water sold to or used by manufacturers, the tax thereon is imposed at the rate of one-half (1/2) of one per cent. Provided, further, the tax shall not exceed seven dollars and fifty cents (\$7.50) on the sale or use of any single article of personal property, and there is excepted from the tax levied hereby the sale, purchase, use, consumption or distribution of electric power or energy, or natural or artificial gas, or coal and fuel oil, so long as such exception is required by state law. Penalties and interest for delinquencies shall be the same as provided in Tennessee Code Annotated, §§ 67-6-505, 67-6-506, and 67-6-516. (1988 Code, § 6-508)

5-409. Collection by state. It having been determined by the department of revenue of the state that it is feasible for this tax to be collected by that department, said determination being evidenced by Local Option Sales and Use Tax Rules and Regulations heretofore promulgated by the department of revenue, the department shall collect such tax concurrently with the collection of the state tax in the same manner as the state tax is collected in accordance with rules and regulations promulgated by said department. The mayor is hereby authorized to contract with the department of revenue for the collection of the tax by the department, and to provide in said contract that the department may deduct from the tax collected a reasonable amount or percentage to cover the expense of the administration and collection of said tax. (1988 Code, § 6-509)

5-410. Suits for tax illegally collected. In the event the tax is collected by the department of revenue, suits for the recovery of any tax illegally assessed or collected shall be brought against the mayor. (1988 Code, § 6-510)

5-411. Allocation of retailer's sales tax. (1) Allocation of any revenues received by the city pursuant to a levy of retailers' sales taxes, as provided for in this chapter, shall be made as provided by law or ordinance.

(2) Anticipated revenues may be estimated and allocated pursuant to subsection (1) prior to their actual receipt by the city. (1988 Code, § 6-511)

CHAPTER 5

**PRIVILEGE TAX UPON THE PRIVILEGE OF OCCUPANCY
IN ANY HOTEL OF EACH TRANSIENT**

SECTION

5-501. Tax levied.

5-501. Tax levied. Pursuant to Tennessee Code Annotated, § 67-4-1401, et seq., and section 29 of the charter of the City of Tullahoma, there is hereby levied a privilege tax upon the privilege of occupancy in any "hotel" as is defined therein of each transient in an amount of five percent (5%) of the consideration charged by the operator of said hotel. The disposition of the proceeds received by the City of Tullahoma from the tax shall be:

- (1) Not to exceed twelve percent (12%), Tullahoma Area Chamber of Commerce;
- (2) Not to exceed three percent (3%) Hands-On Science Center;
- (3) Not to exceed half a percent (.5%) Historic Preservation Society;
- (4) Not to exceed one and a half percent (1.5%), Keep Coffee County Beautiful;
- (5) Not to exceed six percent (6%), South Jackson Civic Center appropriations;
- (6) Not to exceed three percent (3%), South Jackson Civic Center insurance;
- (7) Not to exceed two percent (2%), Tennessee's Backroads Heritage;
- (8) Not to exceed six percent (6%), Tullahoma Fine Arts Center;
- (9) Not to exceed six percent (6%) for miscellaneous beautification and forestry projects in the City of Tullahoma.
- (10) The balance for the general fund. (1988 Code, § 6-601, as amended by Ord. #1186, Aug. 1997, Ord. #1199, June 1998, Ord. #1270, Aug. 2003, and Ord. #1342, Nov. 2006, and replaced by Ord. #1419, Sept. 2011)

CHAPTER 6

PURCHASE AND SALE PROCEDURES

SECTION

5-601. Establishing and amending; enacting rules and regulations.

5-602. Contract procedures.

5-601. Establishing and amending; enacting rules and regulations. There shall be a uniform purchasing and sale procedure for the city, established by the board of mayor and aldermen, a copy of which purchasing and sale procedure shall be maintained in the office of the city recorder and kept up to date as to all amendments which are made thereto from time to time, this section being in the nature of enabling legislation for the purpose of allowing the establishment of such a purchasing and sale procedure to be administered by the board of mayor and aldermen. Said purchasing policy and regulations, and sale procedures, which shall be known as "The Purchasing Policy and Regulations of the City of Tullahoma, Tennessee," shall be as are established by the board of mayor and aldermen from time to time by resolution, and as amended by the board of mayor and aldermen, from time to time, by resolution. This provision shall be retroactive as of January 10, 1983. (1988 Code, § 6-201)

5-602. Contract procedures. The provisions of Tennessee Code Annotated, § 12-4-201, et sequitur, relative to surety bonds, are hereby adopted in relation to all contracts for public works entered into by the City of Tullahoma, Tennessee, and any contractor, and requirements set forth in said statutes shall apply in all cases. (1988 Code, § 6-205)