

STATE OF SOUTH CAROLINA )

COUNTY OF OCONEE )

ORDINANCE NO. 2023-13

CITY OF WALHALLA )

**AN ORDINANCE TO RAISE REVENUE AND ADOPT A BUDGET FOR GENERAL, WATER, SEWER, AND HOSPITALITY FUNDS, HEREIN KNOWN AS THE "UNIFIED BUDGET OF THE CITY OF WALHALLA, SOUTH CAROLINA" FOR THE FISCAL YEAR BEGINNING JULY 1, 2023, AND ENDING JUNE 30, 2024, AND OTHER MATTERS RELATED THERETO.**

**WHEREAS**, The City of Walhalla desires to collect a tax and fee for the operation of the general fund and;

**WHEREAS**, The City of Walhalla desires to collect a fee for the operation of the water and sewer funds and;

**WHEREAS**, The City of Walhalla desires to collect a tax for the sole purpose of promoting tourism and/or tourism related activities and;

**WHEREAS**, The City of Walhalla recognizes the importance of long-range capital planning and;

**WHEREAS**, The City of Walhalla deems it necessary to establish a fund to meet those capital needs now and in the future;

**WHEREAS**, The City of Walhalla recognizes the importance of sound accounting and financial principles and;

**WHEREAS**, The City of Walhalla wishes to adopt a unified budget and;

**BE IT ORDAINED** by the governing body of the City of Walhalla in Council duly assembled and by the authority of the same:

**ARTICLE I**

The following amounts are appropriated for fiscal year 2023-2024 of the City of Walhalla, SC for operation and maintenance of the city and its utilities.

## Revenues

General Fund	\$5,695,463.00
Water	\$4,874,661.70
Sewer	\$192,747.00
Hospitality	\$290,000.00
<b>Total Revenues</b>	<b>\$11,052,871.70</b>

## Expenditures

<b>General Fund Total</b>	<b>\$5,695,463.00</b>
<i>Parks and Recreation</i>	<i>\$492,233.00</i>
<i>General Properties</i>	<i>\$888,809.00</i>
<i>Court</i>	<i>\$72,488.00</i>
<i>Street Department</i>	<i>\$1,221,225.00</i>
<i>Fire</i>	<i>\$854,834.00</i>
<i>Community Development</i>	<i>\$207,784.00</i>
<i>Administration</i>	<i>\$431,156.00</i>
<i>Police</i>	<i>\$1,526,934.00</i>
<b>Hospitality Total</b>	<b>\$391,500.00</b>
<b>Water Total</b>	<b>\$4,874,661.70</b>
<i>Water Billing</i>	<i>\$536,580.00</i>
<i>Water Crew</i>	<i>\$2,214,868.70</i>
<i>Water Plant</i>	<i>\$2,123,213.00</i>
<b>Sewer Total</b>	<b>\$192,747.00</b>

## ARTICLE II

### SECTION 1.

That the prepared general fund budget and the estimated revenue for the payment of same are hereby adopted and is made part hereof as fully as if incorporated herein and a copy thereof is hereto attached and also be known as the current approved fiscal year budget document;

### SECTION 2

The schedule of fees is listed in Appendix A of the current approved fiscal year budget document;

### SECTION 3.

That the City has complied with the S.C. Code 6-1-80 which requires that a municipality shall provide notice to the public by advertising the public hearing before the adoption of its budget for the next fiscal year in at least one South Carolina paper of general circulation in the area;

### SECTION 4.

That the tax to cover the period July 1, 2023 through June 30, 2024, both inclusive of the sums and in the manner hereafter mentioned is and shall be levied, collected and paid to the treasury of the City of Walhalla for the use and service thereof; that is a tax of eight dollars and forty cents (\$8.40) for every one hundred dollars (\$100.00) assessed value of all real estate and personal property owned and used in the City of Walhalla, except that which is exempt pursuant to South Carolina law, is levied and shall be paid to the City Treasury improvements, and current expenses of the City, such tax shall constitute a levy to eighty-four (84) mills against all property which is assembled by Oconee County for tax purposes;

### SECTION 5.

The billing dates, the penalty dates and the amount of penalty, which shall be levied for delinquent taxes, shall be as follows:

Tax notices shall be issued on before September 20, 2023, providing for payment on or before January 1, 2024, with penalty of three percent (3%) if paid by January 15, 2024, and execution with another three percent (3%) will be issued if paid after March 15, 2024. Cost of levy, advertisement and sale shall be added as additional costs on all property of a defaulting taxpayer;

### SECTION 6.

The Tax Collector Oconee County shall be responsible for the collection of all delinquent taxes and to levy and sell all property to defaulting taxpayer:

**SECTION 7.**

That the City Council shall administer this budget and City Administrator and/or Finance Director shall authorize the transfer of funds within departments of the City and lease purchases deemed necessary and appropriate:

**SECTION 8.**

All new and existing business proposing to exercise, carry on any trade, or show intent to do business, shall procure a license before commencing such trade, business, or profession in accordance with the provisions of Ordinance 2021-29 AN ORDINANCE TO REPEAL ORDINANCE 2020-18 AND ADOPT A NEW BUSINESS LICENSE ORDINANCE IN ACCORDANCE WITH THE BUSINESS LICENSE STANDARDIZATION ACT (2020 ACT NO. 176)

**SECTION 9.**

There will be an interfund transfer from FY 2024 Water Budget of \$600,000.

**ARTICLE III**

**SECTION 1.**

That the prepared water and sewer budget and the estimated revenue for the payment of same, are hereby adopted and is made part hereof as fully as if incorporated herein and a copy thereof is hereto attached and also known as the current approved fiscal year budget document;

**SECTION 2**

The schedule of fees is listed in Appendix A of the current approved fiscal year budget document;

Walhalla will collect and remit fees set by Oconee Joint Regional Sewer Authority monthly. These fees will not be included in revenues;

**SECTION 3.**

That the City Council shall administer this budget and the City Administrator and/or the Finance Director may authorize the transfer of funds within the Water Department and Sewer Department, lease purchases as deemed necessary and appropriate;

**SECTION 4.**

As designated by the Walhalla City Council, an interfund transfer of \$600,000 to the General Fund for obligations.

## ARTICLE IV

### SECTION 1.

That a 2% hospitality tax will be collected for the period of July 1, 2023, through June 30, 2024 and will be used for the sole purpose of promoting tourism and/or tourism related activities.

## ARTICLE V

### Financial Policies

#### I. Purpose

The purpose of this policy is to define the fiscal procedures for the development and execution of the city's operating and capital outlay budgets, along with the management of the city's debt and economic investments. Undergirding these procedures and this policy are the principles of sound fiscal management, fiscal stability, Generally Accepted Accounting Principles (GAAP) and the mission and vision of City Council.

#### II. Operating Budget Policy

The annual operating budget is the vehicle through which City Council authorizes City government to fund operations during a specific fiscal year for specific purposes and which establishes the economic resources that are required to support these activities. The budget is a fiscal, planning, and policy document, reflecting the allocation of limited revenues among diverse uses.

- A. According to the laws of the State of South Carolina, the city will adopt a balanced operating budget, annually, and provide full disclosure when a deviation from a balanced operating budget is planned or when it occurs.
- B. The term of the fiscal year is July 1 – June 30.
- C. The City Administrator will monitor the financial condition of the city and estimate present and future financial needs.
- D. Department heads will be accountable for the implementing department budgets in a manner that accomplishes the programs and objectives for which the budgets were authorized, and ensuring that their respective budgets stay within the prescribed funding levels.
- E. Departments must stay within budget by each major expense category of personnel, operating, and capital; Budget transfers or shifts in departmental budgets must be authorized by the City Administrator; provided that overall budget appropriations do not change without the approval of the City Council.
- F. The city will develop a program to integrate performance measures and productivity indicators with the annual budget.

- G. The city will maintain a risk management program to provide for protection against loss and a reduction in exposure to liability.

### III. Revenues

The city will maximize and diversify its revenue base to raise sufficient revenue to support essential city services and to maintain services during periods of declining economic activity. The city must be sensitive to the balance between the need for services and the city's ability to raise fees, charges, and taxes to support those services.

- A. The city shall conservatively estimate annual revenue increases.
- B. All surpluses above the budgeted revenue estimates will be available to the city for appropriation through the city's budget monitoring and approval processes. Additional appropriations will be used for activities that support the function or program generating the additional fees.
- C. Overall revenue shortfalls requiring additional discretionary General Fund resources will result in a city current appropriation level reduction. In the event of a current fiscal year projected total revenue shortfall, the city will document other offsetting revenues or reduce its budget within the regular budget monitoring process. Transfers from the city's General Fund balance to cover revenue shortfalls shall not occur without City Council authorization.
- D. The city will maintain a diversified and stable revenue base to reduce the effects of short-term fluctuations in any one revenue source.
- E. All enterprise funds will be self-supporting. The city will establish all user charges fees at a level related to the full costs (operating, direct, indirect and capital) of providing the service. The city will review these fees & charges annually in the budget process and target rates that meet the cost to provide the service.
- F. Charges for services that benefit specific users should recover full costs, including all direct costs, General Fund overhead, loss of interest and depreciation on capital assets. Through a cost allocation program, city overhead rates and General Fund overhead allocations will be established annually by the Finance Department.
- G. Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Expenditures in these funds are strictly limited to the mandates of the funding source. Special Revenue Funds are not to be used to subsidize other funds, except as required or permitted by program regulations.
- H. One-time sources such as proceeds from asset sales, debt refinancing, one-time grants, revenue spikes, budget savings and similar non-recurring revenue shall not be used for current or new ongoing operating expenses. Appropriate uses of one-time resources include:
- **Rebuilding General Fund Balance**
  - **Establishing or rebuilding and Emergency Reserve or Contingency Fund**

- **Early retirement of debt**
- **Funding capital expenditures and/or other non-recurring expenditures**

- I. The city will actively seek grant funding to fund both operating and capital expenditures. Prior to the acceptance of grant funding, an elevation of the grant must determine the following:
  - The grant purpose is compatible with city program objectives
  - The benefits provided by the grant exceed the cost of administration
  - The grant does not commit the city to long-term tax funded expenditures after the completion of the grant period.

The city will evaluate the cost and funding source to determine whether to continue the service when the grant period ends. The decision to continue to fund or drop will be made prior to accepting the grant. Alternatively, the city could choose to continue the service with other funding.

**IV. Expenditures**

The city will provide for a balanced budget, annually, whereby the current operating revenues will be sufficient to support current operating expenditures. An appropriate balance will be maintained between budget dollars provided for direct public services and dollars provided to assure good management and legal compliance. In addition to the City Administrator and the Chief Financial Officer, all department heads share in the responsibility of understanding the city's long-term financial viability, its general spending trends, its projected incomes, and educating themselves, and employees on the necessary short and long-term balance between revenues and expenditures.

- A. High priority is given to expenditures that will reduce future operating costs, such as increased utilization of technology and equipment and proven business methods.
- B. The annual expenditures shall not exceed the annual revenues (operating budget minus capital outlay)
- C. Before the City undertakes and agreements that would create fixed ongoing expenses, the cost implications of such agreements will be estimated for current and future years with the aid of strategic financial planning models.
- D. Organizations that are not part of the City, but which receive funding from the City, shall not have their appropriation carried forward from the year to year unless contractually authorized and directed by City Council.

**V. Debt Policy**

The city's debt policy establishes the parameters for issuing debt, managing its debt portfolio within available resources and within the legal debt margin as defined by South Carolina Statutes and minimizing the costs to the taxpayer. Adherence to this policy will help assure maintenance of the city's AA credit ratings and undergird any future credit rating.

- A. Long-term debt or bond financing will not be used to finance current operating expenditures.
- B. All bonds, notes, contracts, accounts payable, and other monetary liabilities will be paid when due and shall have the most superior lien position during the allocation of resources in budget planning.
- C. Capital projects, financed through the issuance of bonds, shall be financed for a period not to exceed the expected useful life of the project.
- D. The general obligation debt of the city shall not exceed 8% of the assessed valuation of taxable property in the city in accordance with South Carolina State Statute, without a referendum approving such debt.
- E. Annual general obligation debt service shall not exceed 20% of total operating revenue.
- F. The city will attempt to use the lease-purchase of Capital Outlay, for equipment and heavy vehicles having a useful life of at least five years or more.

**VI. 10 Year Financial Forecast**

The city will prepare a 10-year financial forecast that will include projections for annual growth plus allowances for operating costs of new capital facilities. The forecast will provide the financial health of all major funds and assess the financial implications of current and proposed policies, programs, and assumptions. The forecast will include potential alternatives to improving the long-term financial health of the city.

**VII. Capital Improvement Program**

The city will maintain the Capital Improvement Fund and designate said funds for the implementation of capital projects. The city will prepare and adopt a 10-year Capital Improvement Program, annually, that will detail each capital project, the estimated cost, and funding source.

Moneys in the general government capital improvement fund shall be used to fund all capital improvement projects for general governmental purposes, other than those designated to be funded special assigned funds and to pay debt service on debt obligations incurred to finance such general government capital improvement projects, as authorized by the council in the annual budget.

In adopting the annual budget, and from time to time, the council may provide for the deposit of revenues collected by the city from taxes (by ordinance), loans, grants, or any other source to the general government capital improvement fund in amounts sufficient to fund the expenditures budgeted in that fund.

- A. Operating expenditures will be programmed to include the cost of implementing the Capital Improvement Plan as required.
- B. Capital assets shall be purchased and maintained on a regular schedule.
- C. Within the legal limits of South Carolina Statute and the constraints of operating budgets, debt shall be issued for the purchase of capital assets, including major renovations.



- D. An amount determined annually by council shall be deposited into the Capital Improvement Fund from general appropriations.
- E. Lease purchases will be considered before the use of Capital Improvement Fund balance for capital equipment and fleet.

**VIII. Accounting Policy**

The city will establish and maintain accounting systems according to the generally accepted accounting principles (GAAP) and standards of the Government Accounting Standards Board (GASB).

- A. An annual audit will be performed and completed no longer than six (6) months from the end of the prior fiscal year by an independent public accounting firm that will issue an official opinion on the comprehensive annual financial report (CAFR) with a management letter detailing areas that need improvement, if required.
- B. Full disclosure will be provided in the financial statements and bond representations.
- C. A management letter, the by-product of an annual audit, shall be presented by the independent certified public accounting firm no later than 60 days from issuance of the city's CAFR.
- D. Financial systems will be maintained to monitor expenditures and revenues on a monthly basis with a thorough analysis and adjustment (if required) quarterly.
- E. All revenue collections will be consolidated under the Finance Department (or Chief Financial Officer) and be audited at least annually.
- F. The city will maintain an internal control system that safeguard assets and provide reasonable assurances (e.g., noting any changes in finance statements) for the proper recording of the financial transactions of the city.
- G. The city shall establish accounting procedures to ensure that moneys deposited in the general government capital improvement fund from grants, loans or any other dedicated funding source are accounted for and expended in a manner consistent with the terms and conditions of the legislation or contractual agreements governing such funding sources.
- H.

**IX. Fund Balance Program**

The term fund balance is used to describe the net assets or equity of a governmental fund. The fund balance is intended to serve as a measure of the financial resources available in that fund. GAAP distinguishes five types of fund balance, nonspendable, restricted, committed, assigned, and unassigned.

**Nonspendable** fund balance is restricted basically because of the form.

**Restricted** fund balance has external limitations on use.

**Committed** fund balance is city council designations made before the end of the fiscal year.

**Assigned** fund balance is city council designations for the intended use.

**Unassigned** is the total fund balance in excess of nonspendable, restricted, committed, and assigned.

- A. Nonspendable and Restricted Fund Balance – Fund balance reserves indicates that some of the fund net assets are not available for discretionary appropriations and expenditures. Generally, this is due to a legal or contractual commitment to an outside entity. It does not include tentative plans of management or council.
- B. Committed Fund Balance – City Council may commit a portion of fund balance for specific uses, as long as it is done by the year end. Committed fund balances are considered as reserved.
- C. Unassigned Fund Balance – Unassigned fund balance is available for appropriation. City Council may either assign a portion of fund balance to indicate tentative plans of use or assign a portion for contingencies. Fund Balance that is assigned is considered unreserved.

1) **Unreserved – Assigned Fund Balance**

a) **Assigned Fund Balance-Contingency**

To help maintain services during short periods or economic decline and to meet emergency conditions, in addition to any other restricted or committed Fund Balance amounts, the budget shall provide for a contingency designation equivalent to 180 days of estimated annual operating revenues in all governmental type funds. The contingency shall also be exclusive of all fund balance types not anticipated to be readily available for use in emergencies. The contingency is established to provide for nonrecurring unanticipated expenditures.

- b) **Committed/Assigned Fund Balance – Other Council Designations** Council may at its discretion designate any portion of available unassigned fund balance as long as the remaining fund balance allows for unreserved unassigned fund balance to be maintained at no less than 10 percent of regular general fund annual operating revenues.

2) **Unreserved – Unassigned Fund Balance**

At a minimum, maintain unreserved, unassigned fund balance in the general fund of no less than 10 percent of regular general fund annual operating revenues. The calculated unreserved, unassigned fund balance shall be exclusive of all other fund balance components not anticipated to be readily available for use in emergencies and contingencies.

**X. Depository/Investment Policy**

The city's investment policy is in conformance with all Federal, State and Local governing

legislation, the Government Finance Officers Association (GFOA) best practices and other legal requirements, and applies to the investment of all funds, excluding the investment of employee's retirement funds.

- A. Except for funds in certain restricted and special funds, the city will consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration.
- B. The city will participate in the South Carolina State Local Government Investment Pool (LGIP) to acquire maximum returns on investments by pooling available funds with funds from other political subdivisions through the South Carolina Treasurers Office as permitted by South Carolina State Statute.
- C. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.
- D. All investments are authorized by City Council and are consistent with GFOA policies and statements.
- E. Current operating funds (30-day demand deposits) will be maintained in interest bearing checking accounts.
- F. The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonable anticipated.
- G. Reserves and funds not required for the maintenance of a positive cash flow position within the next 30 days (time deposits held in savings accounts or as Certificates of Deposits) will be maintained in accounts bearing the highest interest rates available to the city, provided that such accounts are secured from risk as provided by law. Where practicable, such accounts will be structured to ensure availability of funds without incurring unnecessary penalties upon withdrawal.
- H. Full collateralization will be required on all demand deposit accounts, including checking accounts and non-negotiable certificates of deposit.
- I. The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs.
- J. Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions.
- K. The City Administrator or his/her designee is authorized with managing the investment portfolio.
- L. A list will be maintained by the City's Finance Department of all financial institutions and depositories authorized to provide investment services for the city.
- M. All financial institutions and broker/dealers who desire to become qualified for investment transactions must supply the following as appropriate:
  - Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines.

- Proof of Financial Industry Regulatory Authority (FINRA) certification (not applicable to Certificate of Deposit counterparties).
- Proof of state registration.
- Completed broker/dealer questionnaire (not applicable to Certificate of Deposit counterparties).
- Certification of having read and understood and agreeing to comply with the city's investment policy.
- Evidence of adequate insurance coverage.

## ARTICLE VI

### SECTION 1.

A Retirement Insurance Fund is established for the sole purpose of covering insurance expenses for City retirees.

### SECTION 2.

In order for employees to participate in this program they must:

- a) Retire from the City of Walhalla with at least 28 years (SRS) or 25 years (PORS)
- b) The last 15 years of their career must have been with the City of Walhalla.
- c) Agree that the City of Walhalla will cover 75% of their health insurance and retiree is responsible for 25% plus any additional supplements.

## ARTICLE VII

### SECTION 1.

All orders, resolutions, and parts thereof in conflict herewith are to the extent of that conflict hereby repealed. This Ordinance shall take effect and be in full force upon adoption by the City Council.

### SECTION 2.

That the prepared budget and the estimated revenue for the payment of same are hereby adopted and is made part hereof as fully as if incorporated herein and known as current fiscal year adopted budget document;

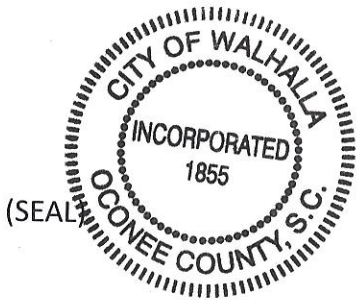
### SECTION 3.

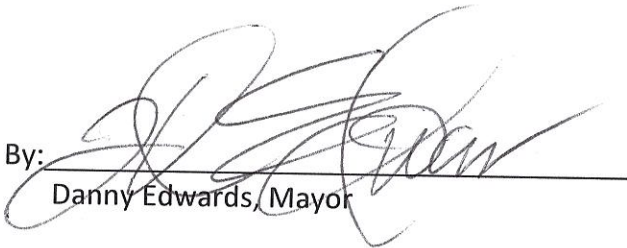
That the City Council shall administer this budget and City Administrator and/or Finance Director shall authorize the transfer of funds within funds and departments of the City and lease purchases deemed necessary and appropriate:

**SECTION 4.**

That the City has complied with the S.C. Code 6-1-80 which requires that a municipality shall provide notice to the public by advertising the public hearing before the adoption of its budget for the next fiscal year in at least one South Carolina paper of general circulation in the area;

DONE AND RATIFIED in council duly assembled this 16<sup>TH</sup> day of MAY 2023.



By:   
Danny Edwards, Mayor

ATTEST:

By: Timothy B. Burt

Timothy B. Burton, City Administrator

Introduced By: MR. PACE

First Reading: APR 18, 2023

Second Reading: MAY 16, 2023

STATE OF SOUTH  
CAROLINA CITY OF  
WALHALLA  
BUDGET PROVISOS FOR FISCAL YEAR 2023-  
2024 ORDINANCE 2023-13

Section 1

The fund appropriations made herein shall not be exceeded without proper authority or amendment by Walhalla City Council.

Section 2

The Finance Director/City Clerk of Walhalla City shall prepare such separate records and books of account as may be required by the United States Government or any of its agencies or by the State of South Carolina or any of its agencies, reflecting the receipt and disposition of all funds.

Section 3

All purchasing and contracting for the acquisition of goods and services for City purposes shall be in accordance with procedures outlined in the City Procurement Ordinance 2019-15.

Section 4

No bills or claims against Walhalla City shall be approved for payment and no check will be issued for same unless such bills or claims are properly itemized showing the goods purchased or services rendered, dated as of the date of delivery of said goods and/or services and signed by the person receiving said goods or services.

Section 5

No officer, elected official, or employee of Walhalla City shall furnish any services or sell any materials or supplies to the City for pay, except upon open quote or bid in accordance with the City Procurement Ordinance.

Section 6

For any equipment, vehicle, or any other item that is approved in the budget as a replacement for existing items, the item being replaced will be relinquished to the Procurement Director for disposal or reassignment.

Section 7

Allocation of proceeds from sale or disposal of Vehicles/Equipment shall be deposited into the Capital Improvement Fund. All other proceeds from the sale of disposal of surplus supplies and property shall be deposited into the City's general fund.

Section 8

Council members will be responsible for covering their own travel and training expenses.

Section 9

Excess (unused) funds from the Greenway Fund will be transferred back to the General Fund upon project completion.