

TITLE 5

MUNICIPAL FINANCE AND TAXATION¹

CHAPTER

1. MISCELLANEOUS.
2. REAL PROPERTY TAXES.
3. PRIVILEGE TAXES.
4. WHOLESALE BEER TAX.
5. GENERAL FUND BALANCE POLICY.

CHAPTER 1

MISCELLANEOUS

SECTION

- 5-101. [Deleted.]
5-102. [Deleted.]
5-103. Fiscal year.

5-101. [Deleted.] (1977 Code, § 6-101, as deleted by Ord. #6, 2012)

5-102. [Deleted.] (1977 Code, § 6-102, as amended by Ord. #3, 2000, July 2000, and deleted by Ord. #6, 2012, Sept. 2012)

5-103. Fiscal year. The fiscal year for the city shall begin on July 1 of each calendar year and end on June 30 of the next succeeding calendar year. All books and records shall be kept accordingly and the budget and tax rate shall be based upon this fiscal year. (1977 Code, § 6-103)

¹Charter references
Taxation and revenue: Art. XIV.

CHAPTER 2

REAL PROPERTY TAXES

SECTION

5-201. When due and payable.

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

5-201. When due and payable.¹ Taxes levied by the municipality against real property shall become due and payable annually as provided in art. XIV of the charter. (1977 Code, § 6-201)

5-202. When delinquent--penalty and interest.² All unpaid real property taxes shall become delinquent and be subject to penalty and interest in accordance with the provisions of art. XIV of the charter.³ (1977 Code, § 6-202)

¹State law references

Tennessee Code Annotated, §§ 67-1-701, 67-1-702 and 67-1-801, read together, permit a municipality to collect its own property taxes if its charter authorizes it to do so, or to turn over the collection of its property taxes to the county trustee. Apparently, under those same provisions, if a municipality collects its own property taxes, tax due and delinquency dates are as prescribed by the charter; if the county trustee collects them, the tax due date is the first Monday in October, and the delinquency date is the following March 1.

²Charter and state law reference

Tennessee Code Annotated, § 67-5-2010(b) provides that if the county trustee collects the municipality's property taxes, a penalty of 1/2 of 1% and interest of 1% shall be added on the first day of March, following the tax due date and on the first day of each succeeding month.

³Charter and state law references

A municipality has the option of collecting delinquent property taxes any one of three ways:

- (1) Under the provisions of its charter for the collection of delinquent property taxes.
- (2) Under Tennessee Code Annotated, §§ 6-55-201--6-55-206.
- (3) By the county trustee under Tennessee Code Annotated, § 67-5-2005.

CHAPTER 3

PRIVILEGE TAXES

SECTION

5-301. [Deleted.]

5-302. [Deleted.]

5-303. [Deleted.]

5-304. Separate license for each place of business.

5-305. "Business Tax Act" implemented.

5-301. [Deleted.] (1977 Code, § 6-301, as deleted by Ord. #6, 2012, Sept. 2012)

5-302. [Deleted.] (1977 Code, § 6-302, as deleted by Ord. #6, 2012, Sept. 2012)

5-303. [Deleted.] (1977 Code, § 6-303, as deleted by Ord. #6, 2012, Sept. 2012)

5-304. Separate license for each place of business. Every person conducting business from more than one established place of business in the city shall be liable for the privilege tax on business done at each place and must secure a separate license for each place of business; provided, however, any merchant who desires to move his business shall have the right to do so, and shall apply to the recorder and have the address changed on the license. (1977 Code, § 6-304)

5-305. "Business Tax Act" implemented. (1) The taxes provided for in chapter 387 of the Public Acts of 1971, as amended by chapter 850, Public Acts of 1972, known as the "Business Tax Act," are hereby enacted, ordained, and levied on the businesses, business activities, vocations or occupations carried on in Pulaski, Tennessee, at the rates and in the manner prescribed by said act and the terms and conditions thereof are hereby adopted in this section as an ordinance of the City of Pulaski, Tennessee, subject to the following changes and limitations as authorized by the act:

(a) Classifications 1, 2, 3 and 4: Minimum tax fifteen dollars (\$15.00)

(b) Classification 1: Gross receipts tax 1/30 of 1%

(c) Classification 2: Gross receipts tax 1/20 of 1%

(d) Classification 3: Gross receipts tax 1/10 of 1%

(e) Classification 4: Gross receipts tax 1/30 of 1%

(2) The city recorder, with the approval of the board of mayor and aldermen, is empowered and directed to refund to tax payers all taxes that are

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on the date of payment, paid in error. (1977 Code, § 6-305, as amended by Ord. #6, 2012, Sept. 2012)

CHAPTER 4

WHOLESALE BEER TAX**SECTION**

5-401. To be collected.

5-401. To be collected. The recorder is hereby directed to take appropriate action to assure payment to the city of the wholesale beer tax levied by the "Wholesale Beer Tax Act," as set out in Tennessee Code Annotated, title 57, chapter 6.¹ (1977 Code, § 6-401)

¹State law reference

Tennessee Code Annotated, title 57, chapter 6 provides for a tax of 17% on the sale of beer at wholesale. Every wholesaler is required to remit to each municipality the amount of the net tax on beer wholesale sales to retailers and other persons within the corporate limits of the municipality.

CHAPTER 5

GENERAL FUND BALANCE POLICY

SECTION

- 5-501. Purpose.
- 5-502. Categories.
- 5-503. Nonspendable and restricted funds.
- 5-504. Order of use of restricted and unrestricted funds.
- 5-505. Authority to commit funds.
- 5-506. Stabilization funds.
- 5-507. Authority to assign funds.
- 5-508. Unassigned fund balance.
- 5-509. Governmental fund balances beginning year of implementation.

5-501. Purpose. The fund balance policy is intended to provide guidelines during the preparation and execution of the annual budget to ensure that sufficient reserves are maintained for unanticipated expenditures or revenue shortfalls. It also is intended to preserve flexibility throughout the fiscal year to make adjustments in funding for programs approved in connection with the annual budget. The fund balance policy should be established based upon a long-term perspective recognizing that stated thresholds are considered minimum balances. The main objective of establishing and maintaining a fund balance policy is for the City of Pulaski to be in a strong fiscal position that will allow for better position to weather negative economic trends. (as added by Ord. #6, 2011, June 2011)

5-502. Categories. The fund balance consists of five (5) categories: nonspendable, restricted, committed, assigned, and unassigned.

(1) Nonspendable fund balance consists of funds that cannot be spent due to their form (e.g. inventories and prepaids) or funds that legally or contractually must be maintained intact.

(2) Restricted fund balance consists of funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation.

(3) Committed fund balance consists of funds that are set aside for a specific purpose by the city's highest level of decision making authority (council). Formal action must be taken prior to the end of the fiscal year. The same formal action must be taken to remove or change the limitations placed on the funds.

(4) Assigned fund balance consists of funds that are set aside with the intent to be used for a specific purpose by the city's highest level of decision making authority or a body or official that has been given the authority to assign funds. Assigned funds cannot cause a deficit in unassigned fund balance.

(5) Unassigned fund balance consists of excess funds that have not been classified in the previous four (4) categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls. (as added by Ord. #6, 2011, June 2011)

5-503. Nonspendable and restricted funds. Nonspendable funds are those funds that cannot be spent because they are either:

- (1) Not in spendable form (e.g. inventories and prepaids);
- (2) Legally or contractually required to be maintained intact.

It is the responsibility of the finance director to report all nonspendable funds appropriately in the city's financial statements.

Restricted funds are those funds that have constraints placed on their use either:

- (1) Externally by creditors, grantors, contributors, or laws or regulations or other governments;
- (2) By law through constitutional provisions or enabling legislation.

It is the responsibility of the finance director to report all restricted funds appropriately in the city's financial statements. All restricted funds must also be reported to the city's governing body within two (2) months of the end of the fiscal year. (as added by Ord.#6, 2011, June 2011)

5-504. Order of use of restricted and unrestricted funds. When both restricted and unrestricted funds are available for expenditure, restricted funds should be spent first unless legal requirements disallow it.

When committed, assigned and unassigned funds are available for expenditure, committed funds should be spent first, assigned funds second, and unassigned funds last. (as added by Ord. #6, 2011, June 2011)

5-505. Authority to commit funds. The city's governing body has the authority to set aside funds for a specific purpose. Any funds set aside as committed fund balance require the passage of a resolution by a simple majority vote. The passage of a resolution must take place prior to June 30 of the applicable fiscal year. If the actual amount of the commitment is not available by June 30, the resolution must state the process or formula necessary to calculate the actual amount as soon as information is available. (as added by Ord. #6, 2011, June 2011)

5-506. Stabilization funds. Maintaining a financial stabilization account is a necessity for sound financial management and fiscal accountability. The city's governing body has the authority to establish a financial stabilization account that will be a committed fund balance. A financial stabilization account is established for the purpose of providing funds for an urgent event that affects the safety of the general public (e.g. flood, tornado, etc.). The minimum level for

the financial stabilization account is two hundred fifty thousand dollars (\$250,000.00). The recognition of an urgent event must be established by the governing body or their designee (e.g. chief administrative officer). If established by the governing body's designee, the specific urgent event must be reported to the governing body at their next meeting. A budget amendment must be approved by the city's governing body. In the event that the balance drops below the established minimum level, the city's governing body will develop a plan to replenish the financial stabilization account balance to the established minimum level within four (4) years. (as added by Ord. #6, 2011, June 2011)

5-507. Authority to assign funds. Upon passage of the fund balance policy, authority is given to the city's finance director to assign funds for specific purposes in an amount not to exceed twenty thousand dollars (\$20,000.00) per purpose or in total not to exceed two hundred thousand dollars (\$200,000.00). Any funds set aside as assigned fund balance must be reported to the city's governing body at their next regular meeting and recorded in the minutes. The governing body has the authority to remove or change the assignment of the funds with a simple majority vote.

The city's governing body has the authority to set aside funds for the intended use of a specific purpose. Any funds set aside as assigned fund balance require a simple majority vote and must be recorded in the minutes. The same action is required to change or remove the assignment.

Upon passage of a budget ordinance where fund balance is used as a source to balance the budget, the finance director shall record the amount as assigned fund balance. (as added by Ord. #6, 2011, June 2011)

5-508. Unassigned fund balance. Unassigned fund balance is the residual amount of fund balance in the general fund. It represents the resources available for future spending. An appropriate level of unassigned fund balance should be maintained in the general fund in order to cover unexpected expenditures and revenue shortfalls.

Unassigned fund balance may be accessed in the event of unexpected expenditures up to the minimum established level upon approval of a budget amendment by the city's governing body. In the event of projected revenue shortfalls, it is the responsibility of the finance director to report the projections to the city's governing body on a quarterly basis and shall be recorded in the minutes.

Any budget amendment that will result in the unassigned fund balance dropping below the minimum level will require the approval of two-thirds (2/3) vote of the city's governing body.

The fund balance policy establishes a minimum unassigned fund balance of five hundred thousand dollars (\$500,000.00). In the event that the balance drops below the established minimum level, the city's governing body will

develop a plan to replenish the fund balance to the established minimum level within two (2) years. (as added by Ord. #6, 2011, June 2011)

5-509. Governmental fund balances beginning year of implementation. In the initial GASB 54 implementation year, beginning fund balances for all governmental funds, except for the general fund, will be classified as restricted. Beginning fund balance in the general fund will be classified as unassigned. (as added by Ord. #6, 2011, June 2011)