

MUNICIPAL ENTERPRISE FUND AMENDMENTS

2017 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Jefferson Moss

Senate Sponsor: Howard A. Stephenson

LONG TITLE

General Description:

This bill modifies provisions relating to municipal budgets.

Highlighted Provisions:

This bill:

- ▶ eliminates language allowing municipalities to spend or transfer money in an enterprise fund for something not directly related to the enterprise; and
- ▶ authorizes a municipality to spend or transfer money in an enterprise fund for the proportionate share of the municipality's overhead costs attributable to the operation of the enterprise, under specified circumstances.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

10-5-107, as last amended by Laws of Utah 2016, Chapter 353

10-6-135, as last amended by Laws of Utah 2016, Chapters 348 and 353

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **10-5-107** is amended to read:



28 **10-5-107. Tentative budgets required for public inspection -- Contents --**

29 **Adoption of tentative budget.**

30 (1) (a) On or before the first regularly scheduled town council meeting of May, the
31 mayor shall:

32 (i) in accordance with Subsection (1)(b), prepare for the ensuing year a tentative budget
33 for each fund for which a budget is required;

34 (ii) make the tentative budget available for public inspection; and

35 (iii) submit the tentative budget to the town council.

36 (b) The tentative budget for each fund shall set forth in tabular form:

37 (i) actual revenues and expenditures in the last completed fiscal year;

38 (ii) estimated total revenues and expenditures for the current fiscal year; and

39 (iii) the mayor's estimates of revenues and expenditures for the budget year.

40 (2) (a) The mayor shall:

41 (i) estimate the amount of revenue available to serve the needs of each fund;

42 (ii) estimate the portion to be derived from all sources other than general property
43 taxes; and

44 (iii) estimate the portion that shall be derived from general property taxes.

45 (b) From the estimates required by Subsection (2)(a), the mayor shall compute and
46 disclose in the budget the lowest rate of property tax levy that will raise the required amount of
47 revenue, calculating the levy on the latest taxable value.

48 (3) A governing body may spend or transfer money deposited in an enterprise fund [~~for~~
49 ~~a good, service, project, venture, or other purpose that is not directly related to the goods or~~
50 ~~services provided by the enterprise for which the enterprise fund was created, if the governing~~
51 ~~body:] to pay the proportionate share of the town's overhead costs directly attributable to the
52 operation of the enterprise for which the enterprise fund was created if:~~

53 [~~(a) transfers the money from the enterprise fund to another fund; and]~~

54 [~~(b) complies with the hearing and notice requirements of Subsections (5)(a), (b), and~~
55 ~~(c).]~~

56 (a) the budget clearly identifies the amount being spent or transferred; and

57 (b) the governing body describes in the budget or an appendix to the budget the
58 methodology used to calculate the amount being spent or transferred.

59 (4) (a) Before the public hearing required under Section 10-5-108, the town council:

60 (i) shall review, consider, and tentatively adopt the tentative budget in any regular

61 meeting or special meeting called for that purpose; and

62 (ii) may amend or revise the tentative budget.

63 (b) At the meeting at which the town council adopts the tentative budget, the council

64 shall establish the time and place of the public hearing required under Section 10-5-108.

65 ~~[(5) (a) Except as provided in Subsection (5)(d), if a town council includes in a~~
 66 ~~tentative budget, or an amendment to a budget, allocations or transfers from an enterprise fund~~
 67 ~~to another fund for a good, service, project, venture, or purpose other than reasonable~~
 68 ~~allocations of costs between the enterprise fund and the other fund, the governing body shall:]~~

69 ~~[(i) hold a public hearing;]~~

70 ~~[(ii) prepare a written notice of the date, time, place, and purpose of the hearing as~~
 71 ~~described in Subsection (5)(b); and]~~

72 ~~[(iii) subject to Subsection (5)(c), mail the notice to each enterprise fund customer at~~
 73 ~~least seven days before the day of the hearing.]~~

74 ~~[(b) The purpose portion of the written notice shall identify:]~~

75 ~~[(i) the enterprise fund from which money is being allocated or transferred;]~~

76 ~~[(ii) the amount being allocated or transferred; and]~~

77 ~~[(iii) the fund to which the money is being allocated or transferred.]~~

78 ~~[(c) The town council:]~~

79 ~~[(i) may print the written notice required under Subsection (5)(a)(ii) on the enterprise~~
 80 ~~fund customer's bill; and]~~

81 ~~[(ii) shall include the written notice required under Subsection (5)(a)(ii) as separate~~
 82 ~~notification mailed or transmitted with the enterprise fund customer's bill.]~~

83 ~~[(d) A governing body is not required to repeat the notice and hearing requirements in~~
 84 ~~this Subsection (5) if the funds to be allocated or transferred for the current year were~~
 85 ~~previously approved by the governing body during the current year and at a public hearing that~~
 86 ~~complies with the notice and hearing requirements of this Subsection (5).]~~

87 Section 2. Section 10-6-135 is amended to read:

88 **10-6-135. Operating and capital budgets.**

89 (1) (a) As used in this section, "operating and capital budget" means a plan of financial

90 operation for an enterprise fund or other required special fund that includes estimates of
91 operating resources, expenses, and other outlays for a fiscal period.

92 (b) Except as otherwise expressly provided, any reference to "budget" or "budgets" and
93 the procedures and controls relating to a budget or budgets in other sections of this chapter do
94 not apply or refer to the operating and capital budgets described in this section.

95 (2) At or before the time the governing body adopts budgets for the funds described in
96 Section 10-6-109, the governing body shall adopt:

97 (a) an operating and capital budget for each enterprise fund for the ensuing fiscal
98 period; and

99 (b) the type of budget for other special funds as required by the Uniform Accounting
100 Manual for Utah Cities.

101 (3) (a) The governing body shall adopt and administer an operating and capital budget
102 in accordance with this Subsection (3).

103 (b) A governing body may spend or transfer money deposited in an enterprise fund [~~for~~
104 ~~a good, service, project, venture, or other purpose that is not directly related to the goods or~~
105 ~~services provided by the enterprise for which the enterprise fund was created, if the governing~~
106 ~~body:] to pay the proportionate share of the city's overhead costs directly attributable to the
107 operation of the enterprise for which the enterprise fund was created if:~~

108 [~~(i) transfers the money from the enterprise fund to another fund; and]~~

109 [~~(ii) complies with the hearing and notice requirements of Subsections (3)(f)(i), (ii),~~
110 ~~and (iii):]~~

111 (i) the budget clearly identifies the amount being spent or transferred; and

112 (ii) the governing body describes in the budget or an appendix to the budget the
113 methodology used to calculate the amount being spent or transferred.

114 (c) At or before the first regularly scheduled meeting of the governing body in the last
115 May of the current fiscal period, the budget officer shall:

116 (i) prepare for the ensuing fiscal period and file with the governing body a tentative
117 operating and capital budget for:

118 (A) each enterprise fund; and

119 (B) other required special funds;

120 (ii) include with the tentative operating and capital budget described in Subsection

121 (3)(c) specific work programs as submitted by each department head; and

122 (iii) include any other supporting data required by the governing body.

123 (d) Each city of the first or second class shall, and each city of the third, fourth, or fifth
124 class may, submit a supplementary estimate of all capital projects which a department head
125 believes should be undertaken within the three next succeeding fiscal periods.

126 (e) (i) Subject to Subsection (3)(e)(ii), the budget officer shall prepare all estimates
127 after review and consultation with each department head described in Subsection (3)(d).

128 (ii) After complying with Subsection (3)(e)(i), the budget officer may revise any
129 departmental estimate before it is filed with the governing body.

130 ~~[(f) (i) Except as provided in Subsection (3)(f)(iv), if the governing body includes in a
131 tentative budget or an amendment to a budget allocations or transfers from an enterprise fund
132 to another fund or a good, service, project, venture, or purpose other than reasonable
133 allocations of costs between the enterprise fund and the other fund, the governing body shall:]~~

134 ~~[(A) hold a public hearing;]~~

135 ~~[(B) prepare a written notice of the date, time, place, and purpose of the hearing, as
136 described in Subsection (3)(f)(ii); and]~~

137 ~~[(C) subject to Subsection (3)(f)(iii), mail the written notice to each enterprise fund
138 customer at least seven days before the day of the hearing.]~~

139 ~~[(ii) The purpose portion of the written notice required under Subsection (3)(f)(i)(B)
140 shall identify:]~~

141 ~~[(A) the enterprise fund from which money is being transferred;]~~

142 ~~[(B) the amount being transferred; and]~~

143 ~~[(C) the fund to which the money is being transferred.]~~

144 ~~[(iii) The governing body:]~~

145 ~~[(A) may print the written notice required under Subsection (3)(f)(i) on the enterprise
146 fund customer's bill; and]~~

147 ~~[(B) shall include the written notice required under Subsection (3)(f)(i) as a separate
148 notification mailed or transmitted with the enterprise fund customer's bill.]~~

149 ~~[(iv) A governing body is not required to repeat the notice and hearing requirements in
150 this Subsection (3)(f) if the funds to be allocated or transferred for the current year were
151 previously approved by the governing body during the current year and at a public hearing that~~

152 ~~complies with the notice and hearing requirements of this Subsection (3)(f).]~~

153 (4) (a) Each tentative budget, amendment to a budget, or budget shall be reviewed and
154 considered by the governing body at any regular meeting or special meeting called for that
155 purpose.

156 (b) The governing body may make changes in the tentative budgets.

157 (5) Budgets for enterprise or other required special funds shall comply with the public
158 hearing requirements established in Sections 10-6-113 and 10-6-114.

159 (6) (a) Before the last June 30 of each fiscal period, or, in the case of a property tax
160 increase under Sections 59-2-919 through 59-2-923, before August 17 of the year for which a
161 property tax increase is proposed, the governing body shall adopt an operating and capital
162 budget for each applicable fund for the ensuing fiscal period.

163 (b) A copy of the budget as finally adopted for each fund shall be:

164 (i) certified by the budget officer;

165 (ii) filed by the budget officer in the office of the city auditor or city recorder;

166 (iii) available to the public during regular business hours; and

167 (iv) filed with the state auditor within 30 days after the day on which the budget is
168 adopted.

169 (7) (a) Upon final adoption, the operating and capital budget is in effect for the budget
170 period, subject to later amendment.

171 (b) During the budget period the governing body may, in any regular meeting or special
172 meeting called for that purpose, review any one or more of the operating and capital budgets
173 for the purpose of determining if the total of any of them should be increased.

174 (c) If the governing body decides that the budget total of one or more of the funds
175 should be increased under Subsection (7)(b), the governing body shall follow the procedures
176 set forth in Section 10-6-136.

177 (8) Expenditures from operating and capital budgets shall conform to the requirements
178 relating to budgets specified in Sections 10-6-121 through 10-6-126.