

**REPORTING AND EXPENDITURE OF PUBLIC FUNDS**

**AMENDMENTS**

2015 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Sophia M. DiCaro**

Senate Sponsor: \_\_\_\_\_

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**LONG TITLE**

**General Description:**

This bill modifies provisions related to fiscal matters.

**Highlighted Provisions:**

This bill:

- ▶ addresses definition provisions;
- ▶ requires the Governor's Office of Management and Budget to provide certain reports;
- ▶ requires written agreement to provide accounting of certain money;
- ▶ provides exemptions;
- ▶ requires state agencies to submit reports to the Governor's Office of Management and Budget;
- ▶ repeals provisions related to a nonprofit entity's receipt of money; and
- ▶ makes technical changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

AMENDS:



28 **51-2a-102**, as last amended by Laws of Utah 2014, Chapter 341

29 **63J-1-201**, as last amended by Laws of Utah 2014, Chapters 320, 344, and 430

30 ENACTS:

31 **63J-1-220**, Utah Code Annotated 1953

32 REPEALS:

33 **51-2a-204**, as enacted by Laws of Utah 2014, Chapter 341

34 **63J-9-101**, as enacted by Laws of Utah 2014, Chapter 341

35 **63J-9-102**, as enacted by Laws of Utah 2014, Chapter 341

36 **63J-9-201**, as enacted by Laws of Utah 2014, Chapter 341

37 **63J-9-202**, as enacted by Laws of Utah 2014, Chapter 341



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

40 Section 1. Section **51-2a-102** is amended to read:

41 **51-2a-102. Definitions.**

42 As used in this chapter:

43 (1) "Accounting reports" means an audit, a review, a compilation, or a fiscal report.

44 (2) "Audit" means an examination that:

45 ~~[(a) analyzes the accounts of all officers of the entity having responsibility for the care,~~  
46 ~~management, collection, or disbursement of money belonging to it or appropriated by law or~~  
47 ~~otherwise acquired for its use or benefit;]~~

48 ~~[(b)]~~ (a) is performed in accordance with generally accepted government auditing  
49 standards, or for nonprofit corporations described in Subsection (6)(f), in accordance with  
50 generally accepted auditing standards; and

51 ~~[(c)]~~ (b) conforms to the uniform classification of accounts established or approved by  
52 the state auditor or any other classification of accounts established by any federal government  
53 agency.

54 (3) "Audit report" means:

55 (a) the financial statements presented in conformity with generally accepted accounting  
56 principles;

57 (b) the auditor's opinion on the financial statements;

58 (c) a statement by the auditor expressing positive assurance of compliance with state

59 fiscal laws identified by the state auditor;

60 (d) a copy of the auditor's letter to management that identifies any material weakness in  
61 internal controls discovered by the auditor and other financial issues related to the expenditure  
62 of funds received from federal, state, or local governments to be considered by management;  
63 and

64 (e) management's response to the specific recommendations.

65 (4) "Compilation" means information presented in the form of financial statements  
66 presented in conformity with generally accepted accounting principles that are the  
67 representation of management without the accountant undertaking to express any assurances on  
68 the statements.

69 (5) "Fiscal report" means providing information detailing revenues and expenditures of  
70 all funds using forms provided by the state auditor.

71 (6) "Governing board" means:

72 (a) the governing board of each political subdivision;

73 (b) the governing board of each interlocal organization having the power to tax or to  
74 expend public funds;

75 (c) the governing board of any local mental health authority established under the  
76 authority of Title 62A, Chapter 15, Substance Abuse and Mental Health Act;

77 (d) the governing board of any substance abuse authority established under the  
78 authority of Title 62A, Chapter 15, Substance Abuse and Mental Health Act;

79 (e) the governing board of any area agency established under the authority of Title  
80 62A, Chapter 3, Aging and Adult Services;

81 (f) the governing board of any nonprofit corporation that receives~~[(i)]~~ at least 50% of  
82 its funds from federal, state, and local government entities through contracts; ~~[or]~~

83 ~~[(ii) an amount from state entities that is equal to or exceeds the amount specified in~~  
84 ~~Subsection 51-2a-201(1) that would require an audit to be made by a competent certified public~~  
85 ~~accountant;]~~

86 (g) the governing board of any other entity established by a local governmental unit  
87 that receives tax exempt status for bonding or taxing purposes; and

88 (h) in municipalities organized under an optional form of municipal government, the  
89 municipal legislative body.

90 (7) "Review" means performing inquiry and analytical procedures that provide the  
91 accountant with a reasonable basis for expressing limited assurance that there are no material  
92 modifications that should be made to the financial statements for them to be in conformity with  
93 generally accepted accounting principles.

94 [~~(8) "State entity" means a department, commission, board, council, agency, institution,  
95 officer, corporation, fund, division, office, committee, authority, laboratory, library, unit,  
96 bureau, panel, or other administrative unit of the state.~~]

97 Section 2. Section **63J-1-201** is amended to read:

98 **63J-1-201. Governor's proposed budget to Legislature -- Contents -- Preparation**  
99 **-- Appropriations based on current tax laws and not to exceed estimated revenues.**

100 (1) The governor shall deliver, not later than 30 days before the date the Legislature  
101 convenes in the annual general session, a confidential draft copy of the governor's proposed  
102 budget recommendations to the Office of the Legislative Fiscal Analyst according to the  
103 requirements of this section.

104 (2) (a) When submitting a proposed budget, the governor shall, within the first three  
105 days of the annual general session of the Legislature, submit to the presiding officer of each  
106 house of the Legislature:

107 (i) a proposed budget for the ensuing fiscal year;

108 (ii) a schedule for all of the proposed changes to appropriations in the proposed budget,  
109 with each change clearly itemized and classified; and

110 (iii) as applicable, a document showing proposed changes in estimated revenues that  
111 are based on changes in state tax laws or rates.

112 (b) The proposed budget shall include:

113 (i) a projection of:

114 (A) estimated revenues by major tax type;

115 (B) 15-year trends for each major tax type;

116 (C) estimated receipts of federal funds; and

117 (D) appropriations for the next fiscal year;

118 (ii) the source of changes to all direct, indirect, and in-kind matching funds for all  
119 federal grants or assistance programs included in the budget;

120 (iii) a plan of proposed changes to appropriations and estimated revenues for the next

121 fiscal year that is based upon the current fiscal year state tax laws and rates and considers  
122 projected changes in federal grants or assistance programs included in the budget;

123 (iv) an itemized estimate of the proposed changes to appropriations for:  
124 (A) the Legislative Department as certified to the governor by the president of the  
125 Senate and the speaker of the House;  
126 (B) the Executive Department;  
127 (C) the Judicial Department as certified to the governor by the state court  
128 administrator;

129 (D) changes to salaries payable by the state under the Utah Constitution or under law  
130 for lease agreements planned for the next fiscal year; and  
131 (E) all other changes to ongoing or one-time appropriations, including dedicated  
132 credits, restricted funds, nonlapsing balances, grants, and federal funds;

133 (v) for each line item, the average annual dollar amount of staff funding associated  
134 with all positions that were vacant during the last fiscal year;

135 (vi) deficits or anticipated deficits;  
136 (vii) the recommendations for each state agency for new full-time employees for the  
137 next fiscal year, which shall also be provided to the State Building Board as required by  
138 Subsection [63A-5-103\(2\)](#);

139 (viii) a written description and itemized report submitted by a state agency to the  
140 Governor's Office of Management and Budget under Section [63J-1-220](#) including:

141 (A) a written description and an itemized report provided at least annually detailing the  
142 expenditure of the state money, or the intended expenditure of any state money that has not  
143 been spent; and

144 (B) a final written itemized report when all the state money is spent;

145 [~~viii~~] (ix) any explanation that the governor may desire to make as to the important  
146 features of the budget and any suggestion as to methods for the reduction of expenditures or  
147 increase of the state's revenue; and

148 [~~ix~~] (x) information detailing certain fee increases as required by Section [63J-1-504](#).

149 (3) For the purpose of preparing and reporting the proposed budget:  
150 (a) The governor shall require the proper state officials, including all public and higher  
151 education officials, all heads of executive and administrative departments and state institutions,

152 bureaus, boards, commissions, and agencies expending or supervising the expenditure of the  
153 state money, and all institutions applying for state money and appropriations, to provide  
154 itemized estimates of changes in revenues and appropriations.

155 (b) The governor may require the persons and entities subject to Subsection (3)(a) to  
156 provide other information under these guidelines and at times as the governor may direct,  
157 which may include a requirement for program productivity and performance measures, where  
158 appropriate, with emphasis on outcome indicators.

159 (c) The governor may require representatives of public and higher education, state  
160 departments and institutions, and other institutions or individuals applying for state  
161 appropriations to attend budget meetings.

162 (4) (a) The Governor's Office of Management and Budget shall provide to the Office of  
163 Legislative Fiscal Analyst, as soon as practicable, but no later than November 15 of each year,  
164 data, analysis, or requests used in preparing the governor's budget recommendations,  
165 notwithstanding the restrictions imposed on such recommendations by available revenue.

166 (b) The information under Subsection (4)(a) shall include:

167 (i) actual revenues and expenditures for the fiscal year ending the previous June 30;

168 (ii) estimated or authorized revenues and expenditures for the current fiscal year;

169 (iii) requested revenues and expenditures for the next fiscal year;

170 (iv) detailed explanations of any differences between the amounts appropriated by the  
171 Legislature in the current fiscal year and the amounts reported under Subsections (4)(b)(ii) and  
172 (iii);

173 (v) a statement of agency and program objectives, effectiveness measures, and program  
174 size indicators; and

175 (vi) other budgetary information required by the Legislature in statute.

176 (c) The budget information under Subsection (4)(a) shall cover:

177 (i) all items of appropriation, funds, and accounts included in appropriations acts for  
178 the current and previous fiscal years; and

179 (ii) any new appropriation, fund, or account items requested for the next fiscal year.

180 (d) The information provided under Subsection (4)(a) may be provided as a shared  
181 record under Section [63G-2-206](#) as considered necessary by the Governor's Office of  
182 Management and Budget.

183 (5) (a) In submitting the budget for the Department of Public Safety, the governor shall  
184 include a separate recommendation in the governor's budget for maintaining a sufficient  
185 number of alcohol-related law enforcement officers to maintain the enforcement ratio equal to  
186 or below the number specified in Subsection 32B-1-201(2).

187 (b) If the governor does not include in the governor's budget an amount sufficient to  
188 maintain the number of alcohol-related law enforcement officers described in Subsection  
189 (5)(a), the governor shall include a message to the Legislature regarding the governor's reason  
190 for not including that amount.

191 (6) (a) The governor may revise all estimates, except those relating to the Legislative  
192 Department, the Judicial Department, and those providing for the payment of principal and  
193 interest to the state debt and for the salaries and expenditures specified by the Utah  
194 Constitution or under the laws of the state.

195 (b) The estimate for the Judicial Department, as certified by the state court  
196 administrator, shall also be included in the budget without revision, but the governor may make  
197 separate recommendations on the estimate.

198 (7) The total appropriations requested for expenditures authorized by the budget may  
199 not exceed the estimated revenues from taxes, fees, and all other sources for the next ensuing  
200 fiscal year.

201 (8) If any item of the budget as enacted is held invalid upon any ground, the invalidity  
202 does not affect the budget itself or any other item in it.

203 Section 3. Section 63J-1-220 is enacted to read:

204 **63J-1-220. Reporting related to grants distributed by state agencies.**

205 (1) (a) (i) "Grant" means the disbursement by a state agency of state money to a  
206 recipient entity.

207 (ii) "Grant" does not include a contract between a state agency and a recipient entity to  
208 purchase goods or services from the recipient entity that is subject to the state procurement  
209 process provided in Title 63G, Chapter 6a, Utah Procurement Code.

210 (b) "Local government entity" means a county, municipality, school district, local  
211 district under Title 17B, Limited Purpose Local Government Entities - Local Districts, special  
212 service district under Title 17D, Chapter 1, Special Service District Act, or any other political  
213 subdivision of the state.

214 (c) "Recipient entity" means a local government entity or private entity, including a  
215 nonprofit entity, that receives money by way of a grant issued by a state agency when money  
216 for the grant is appropriated in a manner that is directed to a specific entity.

217 (d) "State agency" means a department, commission, board, council, agency,  
218 institution, officer, corporation, fund, division, office, committee, authority, laboratory, library,  
219 unit, bureau, panel, or other administrative unit of the executive branch of the state.

220 (e) (i) "State money" means money that is owned, held, or administered by a state  
221 agency and derived from state fees or tax revenues.

222 (ii) "State money" does not include contributions or donations received by a state  
223 agency.

224 (2) A state agency may not provide a recipient entity state money through a grant  
225 unless:

226 (a) the state agency enters into a written agreement with the recipient entity; and

227 (b) the written agreement described in Subsection (2)(a) requires the recipient entity to  
228 provide the state agency:

229 (i) a written description and an itemized report at least annually detailing the  
230 expenditure of the state money, or the intended expenditure of any state money that has not  
231 been spent; and

232 (ii) a final written itemized report when all the state money is spent.

233 (3) A state agency shall provide to the Governor's Office of Management and Budget a  
234 copy of a written description or itemized report received by the state agency under Subsection  
235 (2).

236 (4) Notwithstanding Subsection (2), a state agency is not required to comply with this  
237 section to the extent that a grant is issued:

238 (a) under a competitive award process;

239 (b) in accordance with a formula enacted in statute; or

240 (c) in accordance with a state program under parameters in statute or rule that guides  
241 the distribution of the grant.

242 **Section 4. Repealer.**

243 This bill repeals:

244 Section **51-2a-204, Grants to nonprofit corporations -- Reporting to the state**



- 245 **auditor.**
- 246       Section **63J-9-101**, Title.
- 247       Section **63J-9-102**, Definitions.
- 248       Section **63J-9-201**, Conditions for providing state grant money to a nonprofit
- 249 **entity.**
- 250       Section **63J-9-202**, Nonprofit entity's return of state money.

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**Legislative Review Note**  
as of 2-10-15 1:10 PM

**Office of Legislative Research and General Counsel**