

Effective 5/13/2014

10-6-116 Accumulated fund balances -- Limitations -- Excess balances -- Unanticipated excess of revenues -- Reserves for capital improvements.

- (1)
 - (a) A city may accumulate retained earnings or fund balances, as appropriate, in any fund. With respect to the city general fund only, any accumulated fund balance is restricted to the following purposes:
 - (i) to provide working capital to finance expenditures from the beginning of the budget period until general property taxes, sales taxes, or other applicable revenues are collected, thereby reducing the amount the city must borrow during the period;
 - (ii) to provide a resource to meet emergency expenditures under Section 10-6-129; and
 - (iii) to cover a pending year-end excess of expenditures over revenues from an unavoidable shortfall in revenues.
 - (b) Notwithstanding Subsection (1)(a)(i), a city may not appropriate a fund balance for budgeting purposes except as provided in Subsection (4).
 - (c) Notwithstanding Subsection (1)(a)(iii), a city may not appropriate a fund balance to avoid an operating deficit during any budget period except as provided under Subsection (4), or for emergency purposes under Section 10-6-129.
- (2) The accumulation of a fund balance in the city general fund may not exceed 25% of the total revenue of the city general fund for the current fiscal period.
- (3) If the fund balance at the close of any fiscal period exceeds the amount permitted under Subsection (2), the excess shall be appropriated in the manner provided in Section 10-6-117.
- (4) Any fund balance in excess of 5% of the total revenues of the city general fund may be utilized for budget purposes.
- (5)
 - (a) Within a capital improvements fund, the governing body may, in any budget period, appropriate from estimated revenue or fund balance to a reserve for capital improvements for the purpose of financing future specific capital improvements, under a formal long-range capital plan adopted by the governing body.
 - (b) The reserves described in Subsection (5)(a) may accumulate from fiscal period to fiscal period until the accumulated total is sufficient to permit economical expenditure for the specified purposes.
 - (c) Disbursements from reserves described in Subsection (5)(a) shall be made only by transfer to a revenue or transfer account within the capital improvements fund, under a budget appropriation in a budget for the fund adopted in the manner provided by this chapter.
 - (d) Expenditures from the above appropriation budget accounts shall conform to all requirements of this chapter relating to execution and control of budgets.

Amended by Chapter 176, 2014 General Session