

MUNICIPAL GENERAL FUND AMENDMENTS

2013 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Deidre M. Henderson

House Sponsor: John Knotwell

LONG TITLE

General Description:

This bill amends the percentage of excess fund balance that a municipality may keep in its general fund.

Highlighted Provisions:

This bill:

► amends the percentage of excess fund balance that a municipality may keep in its general fund from 18% to 25%.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

10-6-116, as last amended by Laws of Utah 2010, Chapter 378

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

Section 1. Section **10-6-116** is amended to read:

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

(1) Cities are permitted to accumulate retained earnings or fund balances, as appropriate, in any fund. With respect to the general fund only, any accumulated fund balance is restricted to the following purposes:

30 (a) to provide working capital to finance expenditures from the beginning of the budget
31 period until general property taxes, sales taxes, or other applicable revenues are collected,
32 thereby reducing the amount [~~which~~] the city must borrow during the period, but this
33 Subsection (1)(a) does not permit the appropriation of any fund balance for budgeting purposes
34 except as provided in Subsection (4);

35 (b) to provide a resource to meet emergency expenditures under Section 10-6-129; and

36 (c) to cover a pending year-end excess of expenditures over revenues from an
37 unavoidable shortfall in revenues. This provision does not permit the appropriation of any
38 fund balance to avoid an operating deficit during any budget period except as provided under
39 Subsection (4), or for emergency purposes under Section 10-6-129.

40 (2) The accumulation of a fund balance in the general fund may not exceed [~~18%~~] 25%
41 of the total estimated revenue of the general fund.

42 (3) If the fund balance at the close of any fiscal period exceeds the amount permitted
43 under Subsection (2), the excess shall be appropriated in the manner provided in Section
44 10-6-117.

45 (4) Any fund balance in excess of 5% of the total revenues of the general fund may be
46 utilized for budget purposes.

47 (5) (a) Within a capital improvements fund, the governing body may, in any budget
48 period, appropriate from estimated revenue or fund balance to a reserve for capital
49 improvements for the purpose of financing future specific capital improvements, under a
50 formal long-range capital plan adopted by the governing body.

51 (b) The reserves may accumulate from fiscal period to fiscal period until the
52 accumulated total is sufficient to permit economical expenditure for the specified purposes.

53 (c) Disbursements from these reserves shall be made only by transfer to a revenue or
54 transfer account within the capital improvements fund, under a budget appropriation in a
55 budget for the fund adopted in the manner provided by this chapter.

56 (d) Expenditures from the above appropriation budget accounts shall conform to all
57 requirements of this chapter relating to execution and control of budgets.

