

1                                   **NOTICE REQUIREMENTS FOR BUDGET**  
2                                   **TRANSFERS FROM UTILITY FUNDS**

3                                   2006 GENERAL SESSION

4                                   STATE OF UTAH

5                                   **Chief Sponsor: Aaron Tilton**

6                                   Senate Sponsor: Parley G. Hellewell

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8   **LONG TITLE**

9   **General Description:**

10           This bill requires notice for certain transfers of money out of utility funds.

11   **Highlighted Provisions:**

12           This bill:

- 13           ▶ requires towns, cities, counties, and special districts, to provide notice, under certain
- 14 circumstances, before transferring money out of a utility fund;
- 15           ▶ describes the scope of notice required; and
- 16           ▶ makes technical changes.

17   **Monies Appropriated in this Bill:**

18           None

19   **Other Special Clauses:**

20           None

21   **Utah Code Sections Affected:**

22   AMENDS:

23           **10-5-107**, as last amended by Chapter 178, Laws of Utah 2001

24           **10-6-135**, as last amended by Chapter 292, Laws of Utah 2003

25           **17-36-32**, as last amended by Chapter 300, Laws of Utah 1999

26           **17A-1-432**, as renumbered and amended by Chapter 186, Laws of Utah 1990

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

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

30 **10-5-107. Tentative budgets required for public inspection -- Contents --**

31 **Adoption of tentative budget.**

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

34 (i) prepare for the ensuing year, on forms provided by the state auditor, a tentative  
35 budget for each fund for which a budget is required;

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

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

38 (b) The tentative budget of each fund shall set forth in tabular form:

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

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

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

42 (2) (a) The mayor shall:

43 (i) estimate the amount of revenue available to serve the needs of each fund[;];

44 (ii) estimate the portion to be derived from all sources other than general property  
45 taxes[;]; and

46 (iii) estimate the portion that must be derived from general property taxes.

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

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

51 (i) shall review, consider, and tentatively adopt the tentative budget in any regular  
52 meeting or special meeting called for that purpose; and

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

54 (b) At the meeting at which the town council adopts the tentative budget, the council  
55 shall establish the time and place of the public hearing required under Section 10-5-108.

56 (4) (a) If within any enterprise utility fund, allocations or transfers that are not  
57 reasonable allocations of costs between funds are included in a tentative budget, a written

58 notice of the date, time, place, and purpose of the hearing shall be mailed to utility fund  
59 customers at least seven days before the hearing.

60 (b) The purpose portion of the notice shall identify:

61 (i) the enterprise utility fund from which money is being transferred;

62 (ii) the amount being transferred; and

63 (iii) the fund to which the money is being transferred.

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

65 **10-6-135. Operating and capital budgets.**

66 (1) On or before the time the governing body adopts budgets for the funds set forth in  
67 Section 10-6-109, it shall adopt for the ensuing fiscal period an "operating and capital budget"  
68 for each enterprise fund and shall adopt the type of budget for other special funds as required  
69 by the Uniform Accounting Manual for Utah Cities.

70 (2) (a) An "operating and capital budget," for purposes of this section, means a plan of  
71 financial operation for an enterprise or other required special fund, embodying estimates of  
72 operating resources and expenses and other outlays for a fiscal period.

73 (b) Except as otherwise expressly provided, the reference to "budget" or "budgets" and  
74 the procedures and controls relating to them in other sections of this chapter do not apply or  
75 refer to the "operating and capital budgets" provided for in this section.

76 (3) "Operating and capital budgets" shall be adopted and administered in the following  
77 manner:

78 (a) On or before the first regularly scheduled meeting of the governing body in the last  
79 May of the current period, the budget officer shall prepare for the ensuing fiscal period and file  
80 with the governing body a tentative operating and capital budget for each enterprise fund and  
81 for other required special funds, together with specific work programs as submitted by the  
82 department head and any other supporting data required by the governing body.

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

86 (c) (i) The budget officer shall prepare estimates in cooperation with the appropriate  
87 department heads.

88 (ii) Each department head shall be heard by the budget officer [~~prior to~~] before making  
89 final estimates, but thereafter the officer may revise any department's estimate for the purpose  
90 of presenting the budget to the governing body.

91 (d) (i) If within any enterprise fund, allocations or transfers [~~which cannot be defined~~  
92 ~~as a~~] that are not reasonable [~~allocation~~] allocations of costs between funds are included in a  
93 tentative budget, a written notice [~~as to~~] of the date, time, place, and purpose of the hearing [~~is~~  
94 ~~to~~] shall be mailed to utility fund customers at least seven days prior to the hearing.

95 (ii) The purpose portion of the notice required under Subsection (3)(d)(i) shall identify:

96 (A) the enterprise utility fund from which money is being transferred;

97 (B) the amount being transferred; and

98 (C) the fund to which the money is being transferred.

99 (4) (a) The tentative budget or budgets shall be reviewed and considered by the  
100 governing body at any regular meeting or special meeting called for that purpose.

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

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

104 (6) (a) Before the last June 30 of each fiscal period, or, in the case of a property tax  
105 increase under Sections 59-2-919 through 59-2-923, before August 31 of the year for which a  
106 property tax increase is proposed, the governing body shall adopt an operating and capital  
107 budget for each applicable fund for the ensuing fiscal period.

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

109 [~~(a)~~] (i) certified by the budget officer;

110 [~~(b)~~] (ii) filed by the officer in the office of the city auditor or city recorder;

111 [~~(c)~~] (iii) available to the public during regular business hours; and

112 [~~(d)~~] (iv) filed with the state auditor within 30 days after adoption.

113 (7) (a) Upon final adoption, the operating and capital budget [~~shall be~~] is in effect for

114 the budget period, subject to later amendment.

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

118 (c) If the governing body decides that the budget total of one or more of ~~[these]~~ the  
119 funds should be increased under Subsection (7)(b), the procedures set forth in Section 10-6-136  
120 shall be followed.

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

123 Section 3. Section **17-36-32** is amended to read:

124 **17-36-32. Operating and capital budget -- Expenditures.**

125 (1) (a) "Operating and capital budget," for purposes of this section, means a plan of  
126 financial operation for an enterprise or other special fund embodying estimates of operating  
127 and nonoperating resources and expenses and other outlays for a fiscal period.

128 (b) Except as otherwise expressly provided, "budget" or "budgets" and the procedures  
129 and controls relating thereto in other sections of this act are not applicable to the "operating and  
130 capital budgets" provided in this section.

131 (2) Before or at the time the governing body adopts budgets for the budgetary funds  
132 specified in Section 17-36-8, it shall adopt an "operating and capital budget" for the next fiscal  
133 period for each enterprise fund and for any other special nonbudgetary fund for which  
134 operating and capital budgets are prescribed by the uniform system of budgeting, accounting,  
135 and reporting.

136 [~~"Operating and capital budget," for purposes of this section, means a plan of financial~~  
137 ~~operation for an enterprise or other special fund embodying estimates of operating and~~  
138 ~~nonoperating resources and expenses and other outlays for a fiscal period. Except as otherwise~~  
139 ~~expressly provided, "budget" or "budgets" and the procedures and controls relating thereto in~~  
140 ~~other sections of this act are not applicable to the "operating and capital budgets" provided in~~  
141 ~~this section.]~~

142 (3) Operating and capital budgets shall be adopted and administered in the following  
143 manner:

144 ~~[(1)]~~ (a) On or before the first day of the next to last month of each fiscal period, the  
145 budget officer shall prepare for the next fiscal period on forms provided pursuant to Section  
146 17-36-4, and file with the governing body a tentative operating and capital budget for each  
147 enterprise fund and for any other special fund ~~[which]~~ that requires an operating and capital  
148 budget.

149 (b) The tentative operating and capital budget shall be accompanied by a  
150 supplementary estimate of all capital projects or planned capital projects within the next fiscal  
151 period and within the next succeeding fiscal period.

152 (c) The budget officer shall prepare all the estimates after review and consultation, if  
153 requested, with the concerned department, but thereafter the budget officer has authority to  
154 revise any departmental estimate before it is filed with the governing body.

155 (d) (i) If within any enterprise utility fund, allocations or transfers that are not  
156 reasonable allocations of costs between funds are included in a tentative budget, a written  
157 notice of the date, time, place, and purpose of the hearing shall be mailed to utility fund  
158 customers at least seven days before the hearing.

159 (ii) The purpose portion of the notice shall identify:  
160 (A) the enterprise utility fund from which money is being transferred;  
161 (B) the amount being transferred; and  
162 (C) the fund to which the money is being transferred.

163 ~~[(2)]~~ (e) (i) The tentative operating and capital budget shall be reviewed by the  
164 governing body at any regular or special meeting called for that purpose. ~~[It]~~

165 (ii) The governing body may make any changes it considers advisable. ~~[Prior to]~~

166 (iii) Before the close of the fiscal period, ~~[it]~~ the governing body shall adopt an  
167 operating and capital budget for the next fiscal period.

168 ~~[(3)]~~ (f) (i) Upon final adoption, the operating and capital budget shall be in effect for  
169 the budget period subject to amendment.

170           (ii) A copy of the operating and capital budget for each fund shall be certified by the  
171 budget officer and made available to the public during business hours in the offices of the  
172 county auditor.

173           (iii) A copy of the operating and capital budget shall be filed with the state auditor  
174 within 30 days after its adoption.

175           (iv) The governing body may during the budget period amend the operating and capital  
176 budget of an enterprise or other special fund by resolution.

177           (v) A copy of the operating and capital budget as amended shall be filed with the state  
178 auditor.

179           (4) Any expenditure from an operating and capital budget shall conform to the  
180 requirements for budgets specified by Sections 17-36-20, 17-36-22, 17-36-23, and 17-36-24.

181           Section 4. Section **17A-1-432** is amended to read:

182           **17A-1-432. Operating and capital budgets.**

183           (1) (a) An "operating and capital budget," for the purposes of this section, means a plan  
184 of financial operation for a proprietary or other required special fund, embodying estimates of  
185 operating resources and expenses and other outlays for a fiscal year.

186           (b) Except as otherwise expressly provided, the reference to "budget" or "budgets" and  
187 the procedures and controls relating to them in other sections of this part do not apply or refer  
188 to the "operating and capital budgets" provided for in this section.

189           [(+)] (2) On or before the time the governing body adopts budgets for the governmental  
190 funds under Section 17A-1-408, it shall adopt for the ensuing year an operating and capital  
191 budget for each proprietary fund and shall adopt the type of budget for other special funds  
192 which is required by the Uniform Accounting Manual for Special Districts.

193           ~~[(2) An "operating and capital budget," for the purposes of this section, means a plan of~~  
194 ~~financial operation for a proprietary or other required special fund, embodying estimates of~~  
195 ~~operating resources and expenses and other outlays for a fiscal year. Except as otherwise~~  
196 ~~expressly provided, the reference to "budget" or "budgets" and the procedures and controls~~  
197 ~~relating to them in other sections of this part do not apply or refer to the "operating and capital~~

198 budgets" provided for in this section.]

199 (3) Operating and capital budgets shall be adopted and administered in the following  
200 manner:

201 (a) (i) On or before the first regularly scheduled meeting of the governing body, in  
202 November for calendar year entities and May for fiscal year entities, the budget officer shall  
203 prepare for the ensuing fiscal year, and file with the governing body, a tentative operating and  
204 capital budget for each proprietary fund and for other required special funds, together with  
205 specific work programs and any other supporting data required by the governing body.

206 (ii) If, within any proprietary fund, allocations or transfers [~~which cannot be defined as~~  
207 ~~a~~] that are not reasonable [~~allocation~~] allocations of costs between funds are included in a  
208 tentative budget, a written notice [~~as to~~] of the date, time, place, and purpose of the hearing  
209 shall be mailed to utility fund customers at least seven days [~~prior to~~] before the hearing.

210 (iii) The purpose portion of the notice required under Subsection (3)(a)(ii) shall  
211 identify:

212 (A) the enterprise utility fund from which money is being transferred;

213 (B) the amount being transferred; and

214 (C) the fund to which the money is being transferred.

215 (b) (i) The tentative budgets shall be reviewed and considered by the governing body at  
216 any regular meeting or special meeting called for that purpose.

217 (ii) The governing body may make any changes considered advisable in the tentative  
218 budgets.

219 (c) Budgets for proprietary or other required special funds shall comply with the public  
220 hearing requirements established in Sections 17A-1-412 and 17A-1-413.

221 (d) (i) The governing body shall adopt an operating and capital budget for each  
222 proprietary fund for the ensuing fiscal year [~~prior to~~] before the beginning of each fiscal year,  
223 except as provided in Sections 59-2-919 through 59-2-923.

224 (ii) A copy of the budget as finally adopted for each proprietary fund shall be certified  
225 by the budget officer and filed by the officer in the district office and shall be available to the

226 public during regular business hours.

227        (iii) A copy of the budget shall also be filed with the state auditor within 30 days after  
228 adoption.

229        (e) (i) Upon final adoption, the operating and capital budget [~~shall be~~] is in effect for  
230 the budget year, subject to later amendment.

231        (ii) During the budget year, the governing body may, in any regular meeting or special  
232 meeting called for that purpose, review any one or more of the operating and capital budgets  
233 for the purpose of determining if the total of any of them should be increased.

234        (iii) If the governing body decides that the budget total of one or more of these  
235 proprietary funds should be increased, the governing body shall follow the procedures  
236 established in Section 17A-1-433.

237        (f) Expenditures from operating and capital budgets shall conform to the requirements  
238 relating to budgets specified in Sections 17A-1-420 through 17A-1-423.