

FEB 7 1996

LOCAL GOVERNMENT

HOUSE FILE
BY MURPHY

2171

(COMPANION TO LSB 3868SS BY
SZYMONIAK)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to a continuing appropriation for city capital
2 projects and major equipment.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2171

1 Section 1. NEW SECTION. 384.20A CONTINUING

2 APPROPRIATION.

3 1. As used in this section:

4 a. "Continuing appropriation" means an authorized
5 expenditure of financial resources for a capital project, a
6 special assessment public improvement, or a purchase of major
7 capital equipment for general, street, enterprise, or utility
8 purposes, which is not properly a current expense. A
9 continuing appropriation is not an annual budget appropriation
10 and does not expire at the end of the city's or utility's
11 fiscal year. A continuing appropriation continues until the
12 project, improvement, or equipment purchase is completed as
13 described in the detail accompanying the appropriation whether
14 completed within a fiscal year or not.

15 b. "Major capital equipment" means equipment or machinery
16 with an expected life of more than six years.

17 2. A city council or a governing body of a utility which
18 is not a city council may create a continuing appropriation by
19 establishing one or more project funds, special assessment
20 public improvement funds, or major capital equipment funds
21 under a capital program or a single project in which the
22 resources for paying for the program or project and the
23 proposed expenditure appropriation have been subject to notice
24 and hearing under this chapter for the specific financing
25 provided for in this chapter or in section 364.4, if
26 applicable. The revenues and expenditures and the status of
27 funds created by a continuing appropriation shall be reported
28 to the applicable governing body which supervises the
29 appropriation and shall be included in the annual report
30 required in section 384.22. Expenditures under a continuing
31 appropriation shall not exceed resources for paying for the
32 project. A city or utility shall account for a continuing
33 appropriation in accordance with generally accepted accounting
34 principles. If expenditures are intended to be reimbursed
35 from the later issuance of a tax-exempt obligation, a

1 continuing appropriation shall include or be accompanied by an
2 appropriate declaration of intent or other official action
3 required by the Internal Revenue Code and regulations issued
4 under the Internal Revenue Code.

5 EXPLANATION

6 This bill provides that a city appropriation for a capital
7 project, special assessment public improvement, or a purchase
8 of major capital equipment which has an expected life of six
9 years or more shall be based on the time needed to complete
10 the project, improvement, or equipment purchase and not on the
11 fiscal year even though the reporting of their financial
12 status shall be made in the same time frame as all other city
13 accounting. A continuing appropriation is made or amended in
14 the manner required for establishing the type of financing
15 proposed as set out in chapter 384 or section 364.4. Also,
16 the accounting shall be according to generally accepted
17 accounting principles.

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