

By: Senator(s) Gordon

To: Municipalities

SENATE BILL NO. 2951

1 AN ACT TO AMEND SECTIONS 21-27-19, 21-27-57 AND 21-27-61,
2 MISSISSIPPI CODE OF 1972, TO REQUIRE MUNICIPAL UTILITIES TO KEEP
3 ALL UTILITY REVENUES SEPARATE AND APART FROM ANY OTHER FUNDS; AND
4 FOR RELATED PURPOSES.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

6 **SECTION 1.** Section 21-27-19, Mississippi Code of 1972, is
7 amended as follows:

8 21-27-19. The commission shall devote all monies, derived
9 from any source other than the issuance of bonds for purposes
10 authorized by the laws of the State of Mississippi, to or for the
11 payment of all operating expenses, including such items as are
12 normally required of utilities for sales development; to or for
13 the payment of all bonds and interest on outstanding revenue
14 bonds, if any, of such systems; to or for the acquisition and
15 improvement of the system contingencies; to or for the payment of
16 all other obligations incurred in the operation and maintenance of
17 the systems and the furnishing of service; to or for the creation
18 and maintenance of a cash working fund or a surplus fund to be
19 used for replacement, extension of systems and emergencies.
20 Monies received from customers in payment for utility services
21 shall be deposited in a separate account of the public utility,
22 kept separate entirely from other records and accounts of such
23 municipality, and shall not be deposited in the general fund of
24 the municipality. Monies received from customers as a deposit to
25 obtain service or to guarantee the payment of utility bills when
26 due or to guarantee safe return of all property belonging to the
27 utility installed at the customer's location shall be deposited in
28 a separate deposits account maintained by the utility and not

29 commingled with any other funds of the utility or the
30 municipality.

31 **SECTION 2.** Section 21-27-57, Mississippi Code of 1972, is
32 amended as follows:

33 21-27-57. In the authorizing order or ordinance, the
34 governing authorities of the municipality shall set aside monthly
35 and shall pledge the revenues of the system or combined system, in
36 separate and special funds as follows: (1) operation and
37 maintenance fund; (2) depreciation fund; (3) bond and interest
38 fund; (4) contingent fund. A sufficient amount shall be set aside
39 each year for the retirement of the bonds and interest. * * *

40 Surplus revenue remaining shall be * * * kept separate entirely
41 from other records and accounts of the municipality. However, in
42 the segregation into the several funds the governing authorities
43 may prescribe a reasonable excess amount to be placed in the
44 revenue bond and interest fund from time to time during the
45 earlier years of maturity of such bonds so as to thereby provide
46 and produce a cushion fund to meet any possible deficiencies
47 therein in future years. In the event such excess amounts are
48 provided in the earlier years, the same would be available for
49 such purposes. Bonds pursuant to the authority granted in
50 Sections 21-27-23 and 21-27-51, shall be payable solely from
51 revenues of said project and out of the bond and interest fund.

52 **SECTION 3.** Section 21-27-61, Mississippi Code of 1972, is
53 amended as follows:

54 21-27-61. The governing authorities of any municipality
55 shall devote all monies of the system derived from any source
56 other than the issuance of bonds for purposes authorized by the
57 laws of the State of Mississippi, to or for the payment of all
58 operating expenses, including such items as are normally required
59 of utilities for sales development; to or for the payment of all
60 bonds and interest on outstanding revenue bonds, if any, of such
61 system; to or for the acquisition and improvement of the system

62 contingencies; to or for the payment of all other obligations
63 incurred in the operation and maintenance of the system and the
64 furnishing of service; and to or for the creation and maintenance
65 of a cash working fund or a surplus fund to be used for
66 replacement, extension of systems and emergencies. * * * The
67 purpose of any allocation or expenditure of money made pursuant to
68 this section shall be spread upon the minutes of the municipal
69 governing authorities.

70 **SECTION 4.** This act shall take effect and be in force from
71 and after July 1, 2005.