



H.B. 454

124th General Assembly

(As Reported by H. Local Government & Townships)

Reps. Coates, Otterman, Allen, Carano, Driehaus, McGregor, Strahorn, Setzer, Wolpert, Flowers, Schmidt, Salerno

BILL SUMMARY

- Increases from \$1,000 to \$3,000, the dollar amount below which the fiscal officer of a political subdivision (taxing unit) other than a county can approve expenditures made without a certificate of available funds.

CONTENT AND OPERATION

Existing law

Political subdivision spending control devices

Current law imposes spending controls on local governments to ensure that public money is not spent or obligated unless an appropriation has been properly made and there are sufficient funds to cover the expenditure or obligation. The controls also are intended to prevent a political subdivision from committing the same money to multiple, competing obligations. This control is achieved by requiring that every contract or payment order be accompanied by a certificate issued by the fiscal officer certifying that the money to be spent has been properly appropriated, is either in the appropriate fund or in the process of being collected, and has not already been obligated for some other purpose. In all but certain excepted instances, the lack of such a certificate renders the contract or payment order void. (Sec. 5705.41(D)(1).)

Exceptions

Certain exceptions to the certification rule are allowed to provide some flexibility in spending and contracting, and in recognition of the fact that the timing of receipts and expenditures do not necessarily coincide throughout the fiscal year. One of them permits counties to spend or contract for up to \$750 without the fiscal officer's certification. Another exception permits political subdivisions to authorize so-called "blanket" certificates, which allow the political

subdivision to spend or contract for up to \$5,000 without the fiscal officer having to issue a certificate for each payment order or contract. A blanket certificate is valid for only three months or until the end of the fiscal year, whichever period ends first, and may be issued only if the money to be spent or obligated has been appropriated from a specific line-item account. (Sec. 5705.41(D)(2) and (3).)

A third exception permits a political subdivision's fiscal officer to issue "super blanket" certificates for expenditures for certain specified goods or services or a recurring and reasonably predictable operating expense.¹ Such a certificate is valid until the end of the fiscal year or the end of a county's quarterly fiscal plan (if any). A super blanket certificate may be issued only if the money to be spent or obligated has been appropriated or authorized for a specific line-item account, and is either in the account or is in the process of collection when the certificate is issued. (Sec. 5705.41(D)(3).)

After-the-fact authorizations

Even though a political subdivision fails to have a certificate of available funds issued before entering into a contract or making an order involving the expenditure of money, its fiscal officer can still issue a certificate after-the-fact if there were at the time the contract was entered into or the order was made, and if there still remain at the time the certificate is issued, sufficient available moneys that have been appropriated for the expenditure and that are otherwise unencumbered. If the fiscal officer furnishes the certificate after-the-fact, the governing body of the political subdivision may authorize a warrant for payment of amounts due under the contract (or presumably an order) within 30 days after receipt of that certificate. But, if the amount involved is less than \$100 in the case of a county, or less than \$1,000 in the case of all other political subdivisions, the relevant fiscal officer can authorize payment without the need for further action by the governing body of the political subdivision. (Sec. 5705.41(D)(1).)

Changes made by the bill

The bill increases from less than \$1,000 to less than \$3,000, the amount for which a fiscal officer can authorize payment without the need for further action by the governing body of a political subdivision that enters into a contract or makes an order involving an expenditure without receiving the required certificate of available funds. The bill does not change, however, the amount for counties in this same after-the-fact authorization situation, which remains at less than \$100. (Sec. 5705.41(D)(1).)

¹ *Among the goods and services are gasoline, fuel oil, food items, roadway materials, utilities, and the services of certain professionals and consultants.*

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	12-13-01	p. 1178
Reported, H. Local Gov't & Townships	03-07-02	p. 1493

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