



Ohio Legislative Service Commission

Bill Analysis

Bethany Boyd

H.B. 409

128th General Assembly
(As Introduced)

Rep. Foley

BILL SUMMARY

- Authorizes a municipal corporation to have a deficit in its special funds if state or federal money is likely to be received in amounts sufficient to cover the deficit and the unencumbered balance in its general fund exceeds the total of all such special fund deficits.

CONTENT AND OPERATION

Municipal special fund deficits

(R.C. 731.60)

A municipal corporation generally is required to establish a special fund for each special levy, for each public utility it operates, and for each class of revenues derived from a source other than the general property tax that the law requires to be used for a particular purpose. (R.C. 5705.01(B) and 5705.09, not in the bill.)

Continuing law does not specifically prohibit a deficit in any of a municipal corporation's funds, but deficits appear to be precluded by a prohibition against money being committed to be spent from a fund unless the fiscal officer certifies that there is a sufficient balance in the fund to cover the expense, or that there is sufficient revenue "in process of collection" to cover the expense. (See R.C. 5705.41(D)(1), not in the bill.) Continuing law specifies that state or federal payments to a subdivision are to be considered "in process of collection" for this purpose (R.C. 5705.42, not in the bill). Incidental deficits might validly arise in a fund if the revenue anticipated to be collected is not, in fact, forthcoming.

The bill authorizes a municipal corporation to have a deficit in one or more special funds if the municipal corporation has a pending request for state or federal

funds that is likely to be paid in an amount at least equal to the deficit, and if the unspent and unencumbered general fund balance exceeds the total of all such special fund deficits.

HISTORY

ACTION	DATE
Introduced	01-13-10

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