



Ohio Legislative Service Commission

Bill Analysis

Joseph D. Heller

S.B. 148

128th General Assembly
(As Introduced)

Sen. Turner

BILL SUMMARY

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

CONTENT AND OPERATION

Municipal special fund deficits

(R.C. 731.60)

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 deficits.

Current statutory law does not specifically prohibit a deficit in any of a political subdivision's funds, but deficits appear to be precluded by a prohibition against money being committed to be spent from a fund unless the subdivision's 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).) Current 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.) According to the Auditor of State's office, incidental deficits might validly arise in a fund if the revenue anticipated to be collected is not, in fact, forthcoming. (See *Ohio Township Handbook*, April 2009, p. D-37.)

HISTORY

ACTION

DATE

Introduced

06-18-09

s0148-i-128.docx/kl

