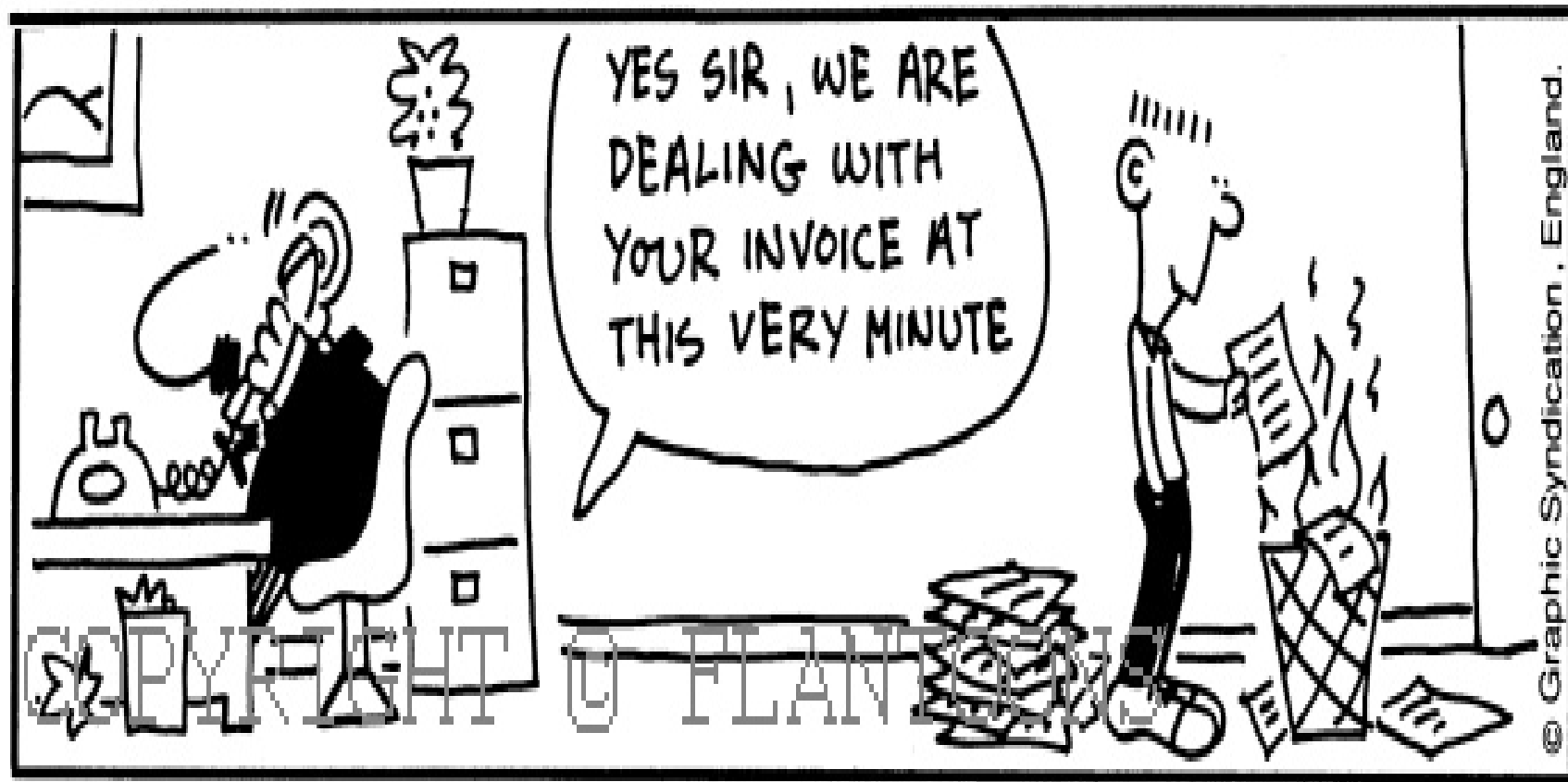




Expenditures

Robert W Dolan, Finance Director/Deputy Fiscal Officer
Cuyahoga County Public Library

March 20, 2025



COURSE OBJECTIVES

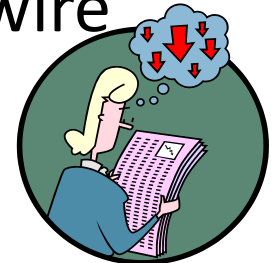
Participants will learn the following:

- Definition of expenditures
- Expenditure cycle
- Expenditure classifications



WHAT IS AN EXPENDITURE?

- A payment or disbursement
- Decrease in equity that results from operations
- Cost of assets consumed or services used in the process of earning revenue
- If expenditures exceeds revenue, result is a decrease to fund balance
- May be in form of cash, checks, credit card, wire transfer, or electronic means



Expenditures Examples

- Payroll
- Materials and Supplies
- Services
 - Public, Legal, Banking
- Capital outlay



EXPENDITURE CYCLE

Expenditure Cycle starts with a request to purchase that may include:

- Purchase requisition
- Purchase order (Certification)
- Invoice
- Voucher
- Check (warrant?)

PURCHASE REQUISITION

- Request to purchase
- Not required by law
- Submit to department head
 - Approved-to Fiscal Officer/Deputy Fiscal Officer
 - Denied-back to requestor
- Bidding requirements may apply



PURCHASE ORDER

- Required by law for various types of local governments
- Typically includes:
 - Description of item or service, price, terms
- Used for Certification
 - Amount needed to meet obligation is appropriated and available
- Posted to Budget to encumber funds



CERTIFICATION METHODS

- ***Regular***

- Used for normal purchases with:
 - Single vendor with specific items, quantities, and unit costs
 - Expires when contract or order is filled or cancelled
 - No dollar limit, but limited to amount certified for the PO
 - Single or multiple funds and accounts

- ***Blanket***

- Used for purchase variety of items with:
 - Single or multiple vendors, no specific items, quantities or prices
 - Maximum amount: not exceeding amount established by governing body
 - Period not beyond end of fiscal year
 - Single fund and account

- ***Super Blanket***

- Used for recurring and “reasonably predictable” operating expenses with:
 - Single or multiple vendors, limited to specific goods and/or services
 - \$ limit is amount appropriated to that line item
 - Period cannot extend current fiscal year
 - Multiple SBPO may exist per account code, one per expenditure code
- Examples include: Gas, utilities, consultants, and accountants



CERTIFICATION METHODS

- Then and Now Certificate
 - (2008 Ohio Compliance Supplement, section 1-9)
 - Used in situations where certification was not made prior to the time the contract was made or order was placed
 - Fiscal Officer certifies that funds were available and properly appropriated **both at the time the contract or order was made and executed(now)**



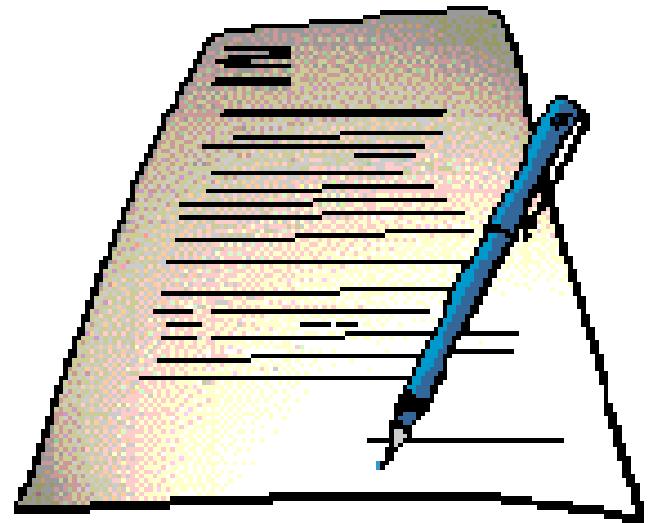
CERTIFICATION (Encumbrance)

- “No orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collections to the credit of an appropriate fund free from any previous encumbrances. [Ohio Rev. Code § 5705.41(D)(1)]

(2024 Ohio Compliance Supplement, Section 1-2)

VOUCHER

- Written order
- Basis for payment
- Required for Townships





QUIZ



True or False

- 1) A blanket certificate can be for any amount.
- 2) A purchase requisition is required by law.
- 3) A voucher is part of the expenditure cycle

Proper “Public Purpose”

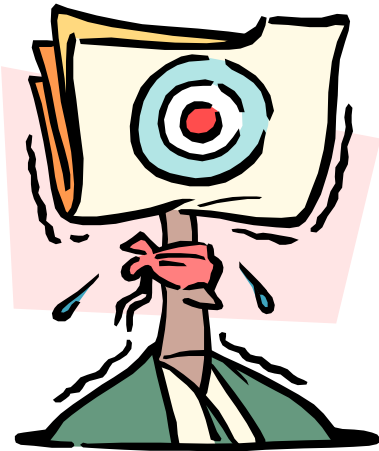
- Expenditures must be for a valid public purpose
 - Generally, the objective is for the promotion of public health, safety, morals, general welfare, security, prosperity and contentment of all the inhabitants
 - Primary objective is to further a public purpose, even if an incidental private end is advanced.



“Public Purpose” (continued)

- Two common questions:
 - When can coffee, meals, refreshments or other amenities be purchased?
 - Can refreshments include the expenditure of public funds for alcohol?
- Auditor of State Bulletin 2003-005
 - Included as handout

“Public Purpose” (continued)



- Food: as a fringe benefit
 - Cafeteria lunch for teachers
 - With prior authorization
- Alcohol: NO
 - AOS will issue findings for recovery
 - Manifestly arbitrary and incorrect (unreasonable)

Prohibited Expenditures for Political Activity

- Supports or Opposes
 - Candidate for public office
 - Recall of public official
 - Passage of a levy or bond issue
- Exempt are ADAMHS Boards
- Allowed expenditures:
 - Publish information about finances, activities, & actions NOT designed to influence the outcome of an election or passage of levy or bond issue



Political Activity (continued)

- Other prohibited activity:
 - O.R.C. 124.57 Restrictions for classified employees
 - O.R.C. 124.59 Prohibition of payment for position or promotion
 - O.R.C. 124.61 Abuse of political influence
 - O.R.C. 3315.07 Support of School Ballots

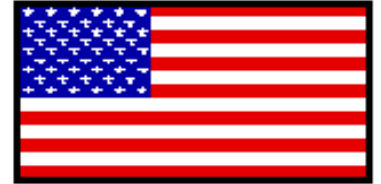
Quiz - True or False?

- Public funds may not be used to influence the outcome of an election.
- Refreshments are never considered a proper public expenditure.
- Public employees cannot be compensated for attending public meetings to present ballot information.



“Leadership experience? I have 13 people following me on Twitter!”

PAYROLL SYSTEMS



- Government is a service industry
 - payroll is large segment of budget
- Very important to maintain system of payroll reporting to ensure accuracy of payroll and compliance with payroll reporting

CRITICAL DOCUMENTS

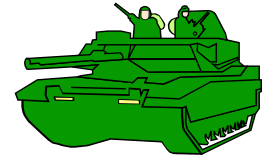
- **Documents must be obtained and retained on each employee**
 - Report of first hire
 - Immigration (I-9) forms
 - W-2's, W-4's
 - State withholding forms
 - Retirement Systems forms
 - Employee enrollment forms
 - Some records are permanent: Payroll personnel must be aware of record retention schedules



Payroll

COMPUTING PAYROLL

- Time records
- Computing payroll
 - Entering time records into payroll system (if computerized)
 - Calculating payroll
 - ACH (direct deposit) net pay to banks
 - Printing of checks and registers
 - Checks should not be released before payroll issuance date
 - E-mail or mail Payroll vouchers!
 - Or make available electronically in Payroll System.



Governing Regulations

- FLSA
 - Fair Labor Standards Act
 - Administered by the Department of Labor
 - Set overtime rules
- Wages
 - Union contracts
 - Pay classifications
 - Exempt or contract employees

PAYROLL REPORTING

- **Per pay period**
- **Monthly**
- **Quarterly**
- **Annual**



PAYROLL REPORTING

Monthly or Quarterly as required:

Local Withholding

State

Pension

Withholding

Job and Family Services

Federal (on form 941)

Medicare

Social Security (elected officials option)

Withholding



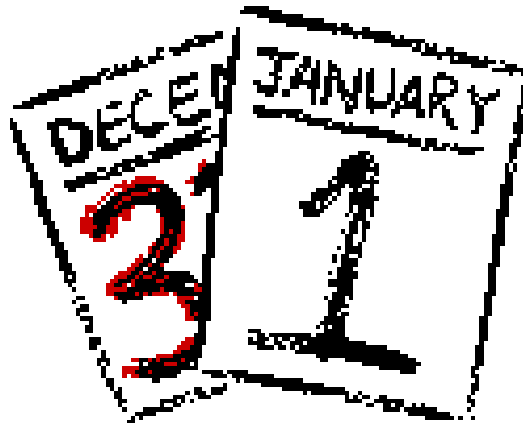
PAYROLL REPORTING

Required reporting

Annual

W-2's

Workers' Compensation



QUIZ

True or False?

- Once an employee leaves employment with you, it is safe to destroy their personnel file.



Payroll Miscellaneous

- 27 pays happen every 11 years if paid Bi-weekly
- Know your union contracts
- Know your administrative code
- Be cautious of 3rd pay in a month
- Pay taxes and withholdings on time!



PROGRAM CODES

- General Government
- Public Safety
- Health Services
- Leisure Time Activities
- Community Environment
- Basic Utility Services
- Public Works
- Capital Outlay
- Debt Service
- Other Financing Uses
- Libraries
 - Public Service and Programs
 - Business Administration
 - Collection Development and Processing
 - Facilities Operations and Maintenance
 - Information Services



GENERAL GOVERNMENT

- Mayor's and Administrative Office
- Legislative Activities
- Mayor's Court
- Fiscal Officer
- Lands and Buildings
- Boards and Commissions
- County Auditor's and Treasurer's Fees
- Tax Delinquent Land Advertising
- Other

PUBLIC SAFETY

- Police and Fire protection
- Street lighting
- Civil defense
- Traffic signals, signs, and markings
- Other

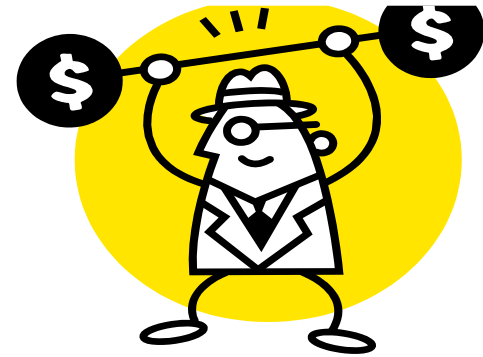


HEALTH SERVICES

- Health and Human Services
- Cemetery
- Payment to County Health District
- Payment to County Welfare Program
- Other Assistance to the Needy
- Other

LEISURE TIME ACTIVITIES

- Recreational Services
- Provide and maintain parks
- Cultural facilities
- Swimming pools
- Concessions
- Other



COMMUNITY ENVIRONMENT

- Community Planning and Zoning
- Public Housing Projects
- Other



BASIC UTILITY SERVICES

- Electric
- Gas
- Waterworks
- Sanitary sewers and sewage disposal
- Storm sewers and drains
- Garbage collections and disposal
- Other



PUBLIC WORKS

- Transportation Services
- Street construction and reconstruction
- Street maintenance and repair
- Street cleaning, snow, and ice removal
- Traffic signals, signs, and markings
- Storm sewers and drains
- Parking facilities
- Sidewalks
- Other



CAPITAL OUTLAY

- Provide for the acquisition of or addition to capital assets
 - Land
 - Building
 - Improvement
 - Machine, Equipment, Furniture
 - Vehicle
 - Infrastructure



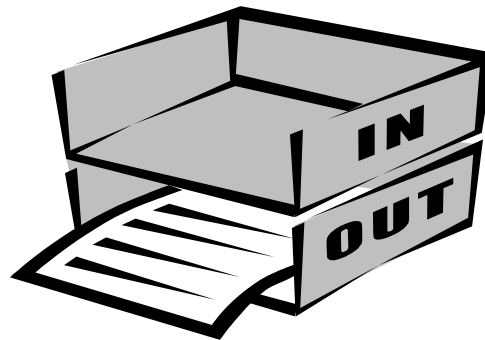
DEBT SERVICE

- Principal payments
- Interest and fiscal charges
- Other Charges
 - Legal
 - Reporting



OTHER FINANCING USES

- Operating Transfers Out
- Advances Out
- Other Financing Uses



QUIZ



True or False

- 1) Police protection is best classified as a general government function.
- 2) Interest payments are classified as debt service.
- 3) Infrastructure would best be classified as a public works function.

Questions ?