

City of Saratoga Springs

**VII. INCURRING A LIABILITY BY VOTE AT
CITY COUNCIL MEETINGS**

Office of Finance

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VII. INCURRING A LIABILITY BY VOTE AT CITY COUNCIL MEETINGS

It is common practice for a vote to be made at the city council table that incurs a liability on the part of the city. For example, Council members may vote to repair machinery, purchase land, or make an appointment to an approved and paid position.

The City Charter states that there must be an appropriation in the budget before a payment may be made, or a liability incurred on behalf of the city. See Sections 4.4.13, and 4.3.2. To comply with the Charter and properly administer the budget, it is important that the minutes reflect both the amount of the expenditure and the appropriation against which it will be drawn.

A. Requirements For the Record

The Finance Department requires that all motions by a City Council member at the Council table which authorize expenditures or obligate the city in any way reference the following information:

1. the obligation/expense to be incurred, including the dollar amount
2. the appropriation in the budget
3. a certification of sufficient funds, where applicable

For your convenience, a form is provided here which demonstrates all of the information that is required to place a proper motion “to incur or contract any expense or liability for or on behalf of the City” on the City Council table. See Sample Form L-1. The form calls for those elements described above.

B. Clarifications

1. Incurring an Expense or Liability. A vote to “incur an expense or liability” includes any vote to expend or be obligated to expend funds.

2. Appropriation. **Before** an expense or liability may be incurred, the City Council must have appropriated the funds concerning that expense or liability. The information regarding the appropriation must be provided when a motion is made at the Council table to render the city financially obligated for an expense.

a.) Budget Expense Line. The line item (org/ob/project) in the budget against which the expense will be drawn substantiates the appropriation. This should be provided in any motion before the Council. See Sample Form L-1.

1. Sufficient Amounts. There must be an amount “available” in the expense line that is sufficient to cover the liability or expense in question.

2. Correct Budget Line. The correct budget line item (org/object/proj) should be described.

b.) Timing. The Budget Expense Line named should include amounts for the obligation at the time that the obligation is incurred.

1. Transfers and Amendments. If a transfer or amendment is required to complete the appropriation process and/or ensure that the expense line item of choice is sufficiently funded, this should occur before the obligation is incurred.

2. Transfer or Amendment Pending. On occasion, subject to the discretion of the Finance Office, a request to incur an obligation may be presented prior to the transfer or amendment, where “contingent upon transfer (or amendment) pending” is clearly indicated.

3. Certification of Sufficient Funds. In certain cases, a Certification of Sufficient Funds is required. Please refer to Chapter III. for these guidelines.

4. Award of Bids. Award of Bids are conducted by the Accounts Department pursuant to its procurement policy, which requires substantiation of the appropriation associated with the award. To the extent that an award of bid is presented by the Accounts Department at the Council table that “has been reviewed by the Purchasing Department and meets purchasing guidelines” as stated, the requirements of this chapter are fulfilled.

Sample Form L-1

Motion to Incur an Expense or Liability

I request Council approval of the following:

1. The Obligation to be Incurred is (describe expenditure):

2. The Appropriation is in (state the current Budget Expense Line Item Number)

3. The Amount Requested for Approval is \$ _____.

4. I have obtained the required Certification of Sufficient Funds and present it here.

OR

5. There is a presumption of Certification of Sufficient Funds and I am not required to obtain further certification.

6. (If applicable) This motion is contingent upon a Transfer or Amendment pending that will be voted upon at this city council meeting, in the amount of \$ _____.

THIS IS A MOTION.