

• FUNDS, FUND TRANSFERS, RESTRICTIONS ON EXPENDITURES, AND CERTIFICATIONS

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 - MARK W. ALTIER
 - Attorney at Law



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1

1

DEFINITIONS

- R.C. 5705.01
 - (A) Subdivision-Includes county, municipal corporation, township, school district, etc.
 - (C) Taxing Authority or Bond Issuing Authority-Board of county commissioners, municipal legislative authority, board of education, board of township trustees.
 - (E) Permanent Improvement-Property, asset or improvement with estimated life of five years, including land, reconstruction, and enlargements.



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2

2

DEFINITIONS, CONT.

- R.C. 5705.01
 - (F) Current Operating Expenses or Current Expenses-Any lawful expense except payments for interest, sinking funds, retirement of bonds, notes or certificates of indebtedness



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3

3

TEN MILL LIMITATION

- R.C. 5705.02
 - Aggregate amount of taxes that may be levied on any taxable property in any subdivision or other taxing district.
 - Ohio Constitution-Article XII, Section 2



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4

4

LEVYING TAXES

- R.C. 5705.03
 - (A) Current operating expenses and acquiring or constructing permanent improvement. Pay interest and sinking fund and to retire certificates of indebtedness including levies in anticipation of which the subdivision or taxing authority has incurred indebtedness.



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LEVYING TAXES, CONT.

- R.C. 5705.03(B)-Two resolutions
 - (b)(1) For Auditor's Certification
 - Total current valuation of subdivision
 - Millage required to generate designated amount OR amount generated by designated millage
 - Include:
 - ❖ (a) Purpose
 - ❖ (b) Additional, renewal, or replacement same, increase, or decrease
 - ❖ (c) R.C. section authorizing
 - ❖ (d) Term or continuing
 - ❖ (e) Entire territory or some portion



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LEVYING TAXES, CONT.

- R.C. 5705.03
 - (B)(1) Auditor's resolution-Content (cont.)
 - (f) Date of election
 - (g) Submitted to entire territory or some portion
 - (h) Tax year first levied and calendar year first collected
 - (i) County or counties in which subdivision located
 - Auditor has ten (10) days to certify
 - (B)(2) Second resolution to certify to board of elections



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7

CURRENT EXPENSES

- R.C. 5705.05 Levy for current expenses
 - To carry out any general or special powers granted by law
 - Includes acquisition or construction of permanent improvements
 - Excludes payment of judgments and debt charges
 - Excludes for counties road and bridge work
 - Listing of specific inclusions



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- Establishment of Funds-ORC 5705.09:
 - Each subdivision shall establish the following funds:
 - General fund
 - Sinking fund for outstanding bonds other than serial bonds
 - Bond retirement fund for serial bonds, notes, certificates of indebtedness
 - A special fund for each special levy
 - A special fund for each class of revenue other than general property tax required to be used for particular purpose
 - A special fund for each public utility
 - A trust fund for any amount received in trust



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9

9

- Distribution of revenue-ORC 5705.10
 - General fund
 - All money derived from general levy for current expenses within the ten mill limitation
 - All money from any general levy for current expenses authorized by vote outside the ten mill limitation
 - All sources other than general property tax unless law provides for particular use



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- Distribution of revenue-ORC 5705.10 (cont.)
 - Bond retirement fund
 - All revenue for general or special levies for debt charges
 - ❖ Serial bonds, notes, or certificates of deposit with life of less than five years
 - ❖ Sinking Fund
 - All revenues levied for debt charges on all other bonds, notes, or certificates of indebtedness



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11

- Distribution of revenue-ORC 5705.10(C) and (D) (cont.)
 - All revenue from special levy credited to special fund for the purposes for which the levy was made.
- All revenue derived from a source other than the general property tax for which the law prescribes a purpose to a special fund dedicated to that purpose



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12

12

- Distribution of revenue-ORC 5705.10 (E)(cont.)
 - Proceeds on sale of public obligations
 - Paid into special fund for purpose of issue
 - Interest-Used for special fund purpose or to general fund or other fund or account as taxing authority determines
 - Premium and accrued interest from sale to sinking fund or bond retirement fund



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- Distribution of revenue-ORC 5705.10(F) (cont.):
 - Proceeds of sale of permanent improvement of subdivision
 - Sinking fund, bond retirement fund, or special fund for acquisition or construction of permanent improvements
 - Proceeds from sale of public utility into the sinking fund or bond retirement fund to extent necessary to cover utility construction or acquisition debt
 - Proceeds of sale of property other than permanent improvement to fund from which property was acquired or general fund.



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14

14

- Distribution of Revenue-ORC 5705.10(G) (cont.)
 - Proceeds of sale of township permanent improvement to general fund
 - Township-Population over 15,000
 - Declared one or more improvements to be public purpose under ORC 5709.73 (Exemptions of increased value due to public infrastructure improvement)
 - Proceeds of sale to general fund if:
 - ❖ Fiscal officer written certification of financing for 5709.73 improvements for next ten years; and
 - ❖ Permanent improvement sold funded entirely from general fund



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15

15

- Permission to establish special funds-ORC 5705.12
 - In addition to funds allowed under 5705.09, 5705.121, 5705.13, and 5705.131
 - Subdivision may establish special funds
 - Auditor of State approval and procedures
 - Ordinance or Resolution
 - ❖ Specified sources other than general property tax



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16

16

- Other Special Funds-ORC 5705.121
 - Municipality may establish a sanitary police pension fund, an urban development tax increment equivalent fund, or a cemetery fund
 - Township may establish a cemetery fund
 - Levy for purpose set out in (ZZ) or (AAA) of 5705.19
 - Establish a general capital and infrastructure fund
 - ❖ May establish accounts for specific purposes
 - ❖ May eliminate when no longer necessary or desirable
 - ❖ May transfer among accounts
 - ❖ May not use to pay compensation



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17

17

- Reserve Balance Accounts-ORC 5705.13
 - Resolution or Ordinance to accumulate available resources
 - State fund in which established and total amount of money to be reserved-Expend only for purpose
 - Not more than one for each purpose
 - Permissible purposes:
 - ❖ Payment of claims or deductibles under individual or joint self-insurance program
 - ❖ Payment of claims and deductibles ratings plan, medical only program, deductible plan, or large deductible plan for workers' compensation
 - ❖



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18

18

- Reserve Balance Accounts-ORC 5705.13
 - Established in general fund or one or more of operating funds maintained for operating purposes
 - Not considered part of unencumbered balance under ORC 5705.35(A) or 5705.36(A)(1)
 - Amount reserved in each fiscal year
 - Not exceed:
 - ❖ 5% of revenue credited to the fund in preceding fiscal year
 - ❖ County or Township-Greater of that amount or one-sixth of expenditures from the fund for preceding year
- At any time may reduce or eliminate by resolution or ordinance or rescind-Balances back to funds from which transferred



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19

19

- Special Revenue Fund for payment of vacation leave, sick time, or comp time upon termination or retirement, or for payment of salaries in fiscal year with extra pay period-5705.13(B)
 - May transfer money from any other fund from which permissible
 - May rescind at any time
 - Money transferred back to fund from which it came.



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20

20

- Capital Projects Fund-ORC 5705.13(C)
 - Resolution or Ordinance
 - Identify source and amount of money to be accumulated, and identify fixed assets, and period of time not to exceed 10 years
 - May have more than one at a time
 - Purpose-Acquisition, construction, or improvement of fixed assets
 - Fixed assets includes motor vehicles
- May rescind at any time
At rescission or end of period provided back to funds from which came



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21

21

- Nonexpendable trust funds-5705.131
 - Donations or contributions from donor or contributor required to be maintained intact
 - Principal may be invested-Income to fund
 - Not considered as part of unencumbered balance or of revenue



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22

22

- Township Special Purpose Reserve Balance Account-ORC 5705.132
 - In addition to reserve balance accounts under 5705.13
 - Resolution of township trustees-Specific purpose
 - Any legal township purpose other than those in 5705.13
 - Transfer funds legally expendable for the purpose
 - Exist no more than five years beginning with first year of deposit
 - Total amount of fund balance not exceed total of:
 - ❖ Five per cent of total of township's revenue for preceding year
 - ❖ Any unencumbered balance carried over
- May rescind at any time
End of term or rescission-Money back to fund
Not part of unencumbered balance



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23

23

- Allowed transfer of funds-ORC 5705.14
 - Unexpended balance of bond fund no longer needed to sinking fund or bond retirement fund from which bonds paid
 - Unexpended balance in any specific permanent improvement fund after all obligations paid to the sinking fund or bond retirement fund of subdivision, but if not needed to special fund for acquisition of public improvements, or, with approval of common pleas court, to the general fund
 - Unexpended balance of sinking fund or bond retirement fund to sinking



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24

- Transfer of Public Funds-ORC 5705.15 and 5705.16
 - In addition to transfers authorized under 5705.14
 - Transfers in manner permitted under 5705.16 except:
 - Proceeds or balances of loans, bond issues, special levies for payment of loans or bond issues, the proceeds or balances of funds derived from any excise tax for a specific purpose, and the proceeds or balances of any license fees imposed by law for a specified purpose



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25

25

- Transfer of Funds; Petition/Approval of Tax Commissioner-ORC 5705.16
 - Resolution of majority of taxing authority
 - Declaring necessity of transfer authorized by 5705.14
 - Submit petition
 - ❖ Name and amount of fund
 - ❖ Fund to receive transfer
 - ❖ Reason for necessity
 - ❖ Copy of resolution and full statement of proceedings to Tax Commissioner



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26

26

- Transfer of Funds; Petition/Approval of Tax Commissioner-
ORC 5705.16
 - Tax Commissioner shall approve upon finding:
 - The petition states sufficient facts
 - There are good reasons and necessity for the transfer
 - No injury will result from transfer
 - If disapproved return within ten days with statement of objections
 - May resubmit
- If approved return notice within ten days.



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27

27

LEVY PURPOSES

- R.C. 5705.19
 - Resolution-Amount of taxes raised within 10 mill limitation will be inadequate and necessary to levy additional taxes for designated purpose
 - Purposes set out A through AAA
 - Specify amount necessary to levy-Auditor's certification and copy
 - Purpose
 - Number of years-May include current year
 - ❖ Number of years designaed for purpose
 - ❖ Some continuing, i.e. police, fire, ambulance.
 - ❖ Immediate effect upon passage-No publication required.



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28

28

- FISCAL OFFICERS CERTIFICATION



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29

29

- RESTRICTIONS ON APPROPRIATIONS OF MONEY-ORC 5705.41(A)
 - No subdivision or taxing unit shall:
 - Make any appropriation except as authorized under 5705.41
 - ❖ Authorization of bond issue-"Deemed Appropriated"
 - For the purpose of the bond issue
 - Expenditures authorized by taxing authority
 - Make any expenditure without appropriation
 - Make any expenditure without proper warrant drawn against appropriate fund



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30

30

- No contract or order for expenditure without certificate of fiscal officer-ORC 5705.41(D)(1)
 - Except Division 5705.41(D)(2) or 5705.44
 - Certificate of fiscal officer:
 - Amount necessary lawfully appropriated and is in treasury or in process of collection for the fund free of encumbrance
 - ❖ Reasonably certain cash will be on hand to pay
 - As in grants to be disbursed on proper certification-In the process of collection
 - ❖ Multi-year-Current year amount
 - ❖ Signed by fiscal officer



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31

31

- Absence of certificate-ORC 5705.41(D)(1)
 - Contract-void
 - No warrant shall issue



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32

32

- “Then for Now Certificate”
 - Was at the time of making contract or order and at time of execution of certificate:
 - Sufficient sum appropriated for the purpose
 - In the treasury or in the process of collection to appropriate fund
 - Free of encumbrance
 - Taxing authority may authorize payment
 - ❖ Passed within 30 days after receipt of certificate
 - ❖ Less than \$3,000-Fiscal Officer may authorize without taxing authority affirmance if otherwise valid.



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33

33

- “DEEMED APPROPRIATED”-Federal or state grants or loans.
- Does not require formal appropriation by legislative body
 - Federal or State has already appropriated and established purpose-Cannot deviate
 - Expend for designated purpose only



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34

34

- Then for Now Certificates-ORC 5705.41(D)
 - Certificate of fiscal officer
 - Sufficient funds in treasury or process of collection
 - ❖ To appropriate fund
 - ❖ Free of encumbrance
 - ❖ At the time of making the contract or order
 - ❖ At the time of execution of the certificate
 - ❖ Action by resolution within thirty days
 - Under \$3000-Fiscal officers certification only



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35

35

- Blanket Certificates-ORC 5705.41(D)(3)
 - Fiscal Officer certification
 - Sum in specific line-item appropriation-Resolution adopted by majority of legislative body
 - Authorized for certain purpose
 - Not extend beyond end of fiscal year
 - ❖ Except as to outstanding commitments under previously blanket certification
 - Payments not exceed amount authorized
 - Signed by fiscal officer
 - May be limited to specific vendor but need not be
 - Itemized statement before another such certificate issued
 - One such certificate at a time



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36

36

- Super Blanket Certificates-ORC 5705.41(D)(3)
 - Certification of fiscal officer
 - Lawfully appropriated for permitted purpose
 - In treasury or in process of collection
 - Line-item account free of encumbrance
 - Aggregate payments may not exceed certified sum
 - Professional services-Accountant, architect, attorney, physician, professional engineer, construction manager, consultant, surveyor, appraiser
 - Fuel oil, gasoline, food items, roadway materials, utilities
 - Any other recurring and reasonably predictable operation expense
 - Itemized statement of expenditures
 - More than one at a time.



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37

37

- Per Unit Contracts-ORC 5705.41(D)(3)
 - Head of department, board, or commission estimate cost
 - Appropriation cover
 - ❖ Amount of estimate or
 - ❖ Amount of estimate for current fiscal year
 - Certificate of fiscal officer based on estimate sufficient



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38

38

- Continuing contracts into ensuing year
 - Certify only amounts to be paid in fiscal year



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39

39

- Binding Effect of Certificate-ORC 5705.41(D)
 - Certificate of fiscal officer binding on subdivision
 - On request of vendor or contracting party-Certificate attached
 - "Contract" excludes current payroll of officers and regular employees



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40

- Deemed in the treasury or in process of collection-ORC 5705.41(E)
 - Taxes or revenue
 - In process of collection
 - Proceeds derived from authorized bonds, notes, or certificates of indebtedness sold and in the process of delivery
 - Section does not apply to:
 - ❖ Investment of sinking funds
 - ❖ Investment of municipal funds under ORC 731.56 to 731.59



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41

41

MARK W. ALTIER

- ATTORNEY AT LAW
- (937) 603-8645
- mwaltier@outlook.com



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42

42