

**As Reported by the House Local Government and Public
Administration Committee**

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Sub. H. B. No. 389

Representative Huffman

**Cosponsors: Representatives McClain, Blair, Adams, J., Derickson,
Grossman, Okey, Ruhl, Adams, R., Hite, McGregor, Harris, Uecker**

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A B I L L

To amend sections 9.37 and 5705.13 of the Revised Code to authorize county auditors and boards of township trustees to adopt a direct deposit payroll policy, and to authorize counties to increase the amount credited to "rainy day" reserve balance accounts to one-sixth of the expenditures made in the preceding fiscal year from the fund in which the reserve balance account is established.

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BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 9.37 and 5705.13 of the Revised Code be amended to read as follows:

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Sec. 9.37. (A) As used in this section, "public official" means any elected or appointed officer, employee, or agent of the state, any state institution of higher education, any political subdivision, board, commission, bureau, or other public body established by law. "State institution of higher education" means any state university or college as defined in division (A)(1) of

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section 3345.12 of the Revised Code, community college, state 18
community college, university branch, or technical college. 19

(B) Except as provided in ~~division~~ divisions (F) and (G) of 20
this section, any public official may make by direct deposit of 21
funds by electronic transfer, if the payee provides a written 22
authorization designating a financial institution and an account 23
number to which the payment is to be credited, any payment such 24
public official is permitted or required by law in the performance 25
of official duties to make by issuing a check or warrant. 26

(C) Such public official may contract with a financial 27
institution for the services necessary to make direct deposits and 28
draw lump-sum checks or warrants payable to that institution in 29
the amount of the payments to be transferred. 30

(D) Before making any direct deposit as authorized under this 31
section, the public official shall ascertain that the account from 32
which the payment is to be made contains sufficient funds to cover 33
the amount of the payment. 34

(E) If the issuance of checks and warrants by a public 35
official requires authorization by a governing board, commission, 36
bureau, or other public body having jurisdiction over the public 37
official, the public official may only make direct deposits and 38
contracts under this section pursuant to a resolution of 39
authorization duly adopted by such governing board, commission, 40
bureau, or other public body. 41

(F) Pursuant to sections 307.55, 319.16, and 321.15 of the 42
Revised Code, a county auditor may issue, and a county treasurer 43
may redeem, electronic warrants authorizing direct deposit for 44
payment of county obligations in accordance with rules adopted by 45
the director of budget and management pursuant to Chapter 119. of 46
the Revised Code. 47

(G) A county auditor or a board of township trustees, as the 48

case may be, may adopt a direct deposit payroll policy under which 49
all county employees or all township employees, as the case may 50
be, provide a written authorization designating a financial 51
institution and an account number to which payment of the 52
employee's compensation shall be credited under the county's or 53
township's direct deposit payroll policy. The direct deposit 54
payroll policy adopted by a county auditor or a board of township 55
trustees may exempt from the direct deposit requirement those 56
county or township employees who cannot provide an account number, 57
or for other reasons specified in the policy. The written 58
authorization is not a public record under section 149.43 of the 59
Revised Code. 60

Sec. 5705.13. (A) A taxing authority of a subdivision, by 61
resolution or ordinance, may establish reserve balance accounts to 62
accumulate currently available resources for the following 63
purposes: 64

(1) To stabilize subdivision budgets against cyclical changes 65
in revenues and expenditures; 66

(2) Except as otherwise provided by this section, to provide 67
for the payment of claims and deductibles under ~~a~~ an individual or 68
joint self-insurance program for the subdivision, ~~if the~~ 69
~~subdivision is permitted by law to establish such a program under~~ 70
section 9.833, 2744.08, or 2744.081 of the Revised Code; 71

(3) To provide for the payment of claims, assessments, and 72
deductibles under a self-insurance program, individual 73
retrospective ratings plan, group rating plan, group retrospective 74
rating plan, medical only program, deductible plan, or large 75
deductible plan for workers' compensation. 76

The ordinance or resolution establishing a reserve balance 77
account shall state the purpose for which the account is 78
established, the fund in which the account is to be established, 79

and the total amount of money to be reserved in the account. 80

~~A subdivision that participates in a risk sharing pool, by 81
which governments pool risks and funds and share in the costs of 82
losses, shall not establish a reserve balance account to provide 83
self insurance for the subdivision. 84~~

Not more than one reserve balance account may be established 85
for each of the purposes permitted under divisions (A)(2) and (3) 86
of this section. Money to the credit of a reserve balance account 87
may be expended only for the purpose for which the account was 88
established. 89

A reserve balance account established for the purpose 90
described in division (A)(1) of this section may be established in 91
the general fund or in one or more special funds for operating 92
purposes of the subdivision. The amount of money to be reserved in 93
such an account in any fiscal year shall not exceed five per cent 94
of the revenue credited in the preceding fiscal year to the fund 95
in which the account is established, or, in the case of a reserve 96
balance account of a county, the greater of that amount or 97
one-sixth of the expenditures during the preceding fiscal year 98
from the fund in which the account is established. Subject to 99
division (G) of section 5705.29 of the Revised Code, any reserve 100
balance in an account established under division (A)(1) of this 101
section shall not be considered part of the unencumbered balance 102
or revenue of the subdivision under division (A) of section 103
5705.35 or division (A)(1) of section 5705.36 of the Revised Code. 104

At any time, a taxing authority of a subdivision, by 105
resolution or ordinance, may reduce or eliminate the reserve 106
balance in a reserve balance account established for the purpose 107
described in division (A)(1) of this section. 108

A reserve balance account established for the purpose 109
described in division (A)(2) or (3) of this section shall be 110

established in the general fund of the subdivision or by the 111
establishment of a separate internal service fund established to 112
account for the operation of ~~the~~ an individual or joint 113
self-insurance or retrospective ratings plan program described in 114
division (A)(2) of this section or a workers' compensation program 115
or plan described in division (A)(3) of this section, and shall be 116
based on sound actuarial principles. The total amount of money in 117
a reserve balance account for self-insurance may be expressed in 118
dollars or as the amount determined to represent an adequate 119
reserve according to sound actuarial principles. 120

A taxing authority of a subdivision, by resolution or 121
ordinance, may rescind a reserve balance account established under 122
this division. If a reserve balance account is rescinded, money 123
that has accumulated in the account shall be transferred to the 124
fund or funds from which the money originally was transferred. 125

(B) A taxing authority of a subdivision, by resolution or 126
ordinance, may establish a special revenue fund for the purpose of 127
accumulating resources for the payment of accumulated sick leave 128
and vacation leave, and for payments in lieu of taking 129
compensatory time off, upon the termination of employment or the 130
retirement of officers and employees of the subdivision. The 131
special revenue fund may also accumulate resources for payment of 132
salaries during any fiscal year when the number of pay periods 133
exceeds the usual and customary number of pay periods. 134
Notwithstanding sections 5705.14, 5705.15, and 5705.16 of the 135
Revised Code, the taxing authority, by resolution or ordinance, 136
may transfer money to the special revenue fund from any other fund 137
of the subdivision from which such payments may lawfully be made. 138
The taxing authority, by resolution or ordinance, may rescind a 139
special revenue fund established under this division. If a special 140
revenue fund is rescinded, money that has accumulated in the fund 141
shall be transferred to the fund or funds from which the money 142

originally was transferred. 143

(C) A taxing authority of a subdivision, by resolution or 144
ordinance, may establish a capital projects fund for the purpose 145
of accumulating resources for the acquisition, construction, or 146
improvement of fixed assets of the subdivision. For the purposes 147
of this section, "fixed assets" includes motor vehicles. More than 148
one capital projects fund may be established and may exist at any 149
time. The ordinance or resolution shall identify the source of the 150
money to be used to acquire, construct, or improve the fixed 151
assets identified in the resolution or ordinance, the amount of 152
money to be accumulated for that purpose, the period of time over 153
which that amount is to be accumulated, and the fixed assets that 154
the taxing authority intends to acquire, construct, or improve 155
with the money to be accumulated in the fund. 156

A taxing authority of a subdivision shall not accumulate 157
money in a capital projects fund for more than ten years after the 158
resolution or ordinance establishing the fund is adopted. If the 159
subdivision has not entered into a contract for the acquisition, 160
construction, or improvement of fixed assets for which money was 161
accumulated in such a fund before the end of that ten-year period, 162
the fiscal officer of the subdivision shall transfer all money in 163
the fund to the fund or funds from which that money originally was 164
transferred or the fund that originally was intended to receive 165
the money. 166

A taxing authority of a subdivision, by resolution or 167
ordinance, may rescind a capital projects fund. If a capital 168
projects fund is rescinded, money that has accumulated in the fund 169
shall be transferred to the fund or funds from which the money 170
originally was transferred. 171

Notwithstanding sections 5705.14, 5705.15, and 5705.16 of the 172
Revised Code, the taxing authority of a subdivision, by resolution 173
or ordinance, may transfer money to the capital projects fund from 174

any other fund of the subdivision that may lawfully be used for 175
the purpose of acquiring, constructing, or improving the fixed 176
assets identified in the resolution or ordinance. 177

Section 2. That existing sections 9.37 and 5705.13 of the 178
Revised Code are hereby repealed. 179