OMAC

OHIO MUNICIPAL ADVISORY COUNCIL

Municipal Debt In Ohio, The Guide

This publication is dedicated to William “Mac” McDowell (1931 -1967), Duane N. Scott (1967 – 1992), and Kenneth W. Gurney (1992 – 2009), the three Directors that have provided guidance to the OMAC from 1931 to 2009. We thank them for their leadership, innovation and integrity.

PREFACE

The State of Ohio (the State or Ohio) and its political subdivisions are authorized to issue securities for a variety of purposes. Such issuances are complex and require knowledge of the many aspects of the law and the municipal securities market.

Municipal Debt in Ohio, The Guide (the Guide) has been written by the Ohio Municipal Advisory Council (OMAC) to assist governmental officers and other individuals interested in public finance by providing a quick reference to the types of securities that may be issued by Ohio political subdivisions, the purposes for which they may be issued and the legal requirements and limitations applicable to such issuances. This publication is not intended to be used as a legal manual or textbook in the area of public finance in Ohio. This is the fourth book that OMAC has published with respect to the issuance of debt by Ohio political subdivisions. The Story of Municipal Debt in Ohio was published in 1982. Following a major revision of Chapter 133 (the Uniform Public Securities Law of the Ohio Revised Code (ORC), OMAC updated the original publication with The Guide to Municipal Debt in Ohio, published in 1993. Municipal Debt in Ohio, The Guide was published in 2005 to reflect any changes to Ohio law that had taken place since its previous publication. Changes in the laws through August 1, 2013 have been reviewed and the appropriate sections updated in this release.

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OMAC is a nonprofit corporation, organized in 1931 by municipal bond dealers and banks to assist Ohio political subdivisions with their issuance of debt; and to provide the municipal bond market accurate and timely information regarding Ohio's issuers of such debt.

Christopher Scott,
Director

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BACKGROUND

Article XIII, Section 6 and Article XVIII, Section 13 of the Ohio Constitution ("Constitution") adopted in 1912 authorize the Ohio General Assembly to pass laws limiting the powers of municipalities and other political subdivisions to incur debt and levy taxes and special assessments. Until 1927 each type of political subdivision had its own procedure for issuing debt. On April 21, 1927, the "Uniform Bond Act" was adopted to provide more consistent procedures for the issuance of debt by all counties, cities, villages and townships. In 1953, the "Uniform Bond Law" (former Sections 133.01-133.65 ORC), was enacted as Chapter 133 of the ORC, superseding the "Uniform Bond Act". Then, in a series of bills enacted by the General Assembly from 1989 through 1992, a major revision of the "Uniform Bond Law" and related sections of the ORC was completed, resulting in a new comprehensive Chapter 133 of the ORC, known as the "Uniform Public Securities Law".

In the Uniform Public Securities Law, the General Assembly updated the authority, procedures and limitations for the issuance of securities and other public obligations; and repealed or amended many outdated sections of the Uniform Bond Law, thus giving issuers more options and flexibility in structuring their financings and additional techniques to make their securities more appealing in the municipal market. Issuers and their officers were provided broader authority to determine details such as interest rates, sale prices, maturity schedules, security deposits and other sale particulars. The General Assembly has amended the Uniform Public Securities Law several times since 1992; however, it still provides an overall structure of rules and limitations on the many aspects of a debt issue, including maximum maturities and limitations upon the amount of debt that may be issued.

Under the Uniform Public Securities Law, political subdivisions are authorized to issue debt for certain specific purposes or types of purposes. Section 133.15 ORC provides broad and general authority for the taxing authority of any subdivision to issue securities for the purpose of paying all or any portion of the costs of any permanent improvement that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve or construct. Section 133.01 ORC defines a permanent improvement as any property, asset or improvement certified by the fiscal officer of the issuer as having an estimated life or period of usefulness of five years or more.

The General Assembly has granted only limited authority for a subdivision to incur debt for purposes other than permanent improvements: for examples, see ORC Sections 9.833 (health care insurance programs and claims); 118.17, 118.24 and 118.271 (for certain purposes of entities in fiscal emergency); 131.23 (delinquent tax anticipation bonds for unsecured indebtedness and disability assistance); 133.10 (current revenue anticipation notes); 133.11 (cost of real estate assessment); 133.14, 306.40 and 2744.081 (satisfaction of judgments and settlement of claims); 133.12 (certain emergencies); 133.13 (special assessment obligations for certain assessed services); 133.24 (tax anticipation notes); 133.51 (to provide or assist in providing housing loans); 133.52 (in anticipation of amounts to be received on liquidation of a defaulting depository); 307.284 (sales tax anticipation bonds for community improvement grants); 505.265 (township police and fire pension funding); 717.07 (municipal police and fire pension funding); 902.04 (to provide or assist in providing agricultural loans); 1721.19 (liquidating county agriculture society indebtedness); 3313.483 and 3316.041(revenue anticipation notes for school districts in fiscal emergency or distress); and 3735.45 (certain housing authority bonds).

While the State and most of its taxing subdivisions are limited in their capacity to create debt and levy taxes by Constitutional or statutory provisions, there is not a uniform debt limitation applying to all types of subdivisions; rather; separate limitations cover the State and each type of subdivision. Two types of debt limitations are applicable to Ohio political subdivisions: direct (or statutory) debt limits; and the indirect (or ten-mill) debt limitation.

The direct (or statutory) debt limitations imposed on Ohio subdivisions by the General Assembly (under authority of Article XIII, Section 6 and Article XVIII, Section 13, of the Constitution) are found in various sections of the ORC. These statutory limitations are usually applicable to outstanding net indebtedness and are expressed as a percentage of the assessed valuation of the issuing subdivision. Certain types of securities are exempt from the limitations and in most cases separate limits apply to unvoted debt and to overall voted and unvoted debt. Statutory debt limits have been amended from time to time by the General Assembly. For information regarding current statutory debt limitations, see Debt Limitations (page 37).

The indirect debt (or ten-mill) limitation is imposed by a combination of Constitutional and statutory provisions that limit the authority of overlapping subdivisions to levy unvoted ad valorem property taxes. See Ten-Mill Limitation and Related Indirect Debt Limitations (page 40).

Under other Constitutional authority, the General Assembly has enacted ORC Chapters that permit certain State authorities and political subdivisions to issue conduit debt to finance certain types of private sector projects determined to benefit the public. Such debt is usually payable solely from amounts received from the private sector entity (and not from other resources of the issuer) and, for most purposes, is not considered to be debt of the issuer. Such publicly assisted private sector financings are beyond the scope of the discussion in the Guide.

TYPES OF SECURITIES

INTRODUCTION

The State and its political subdivisions are authorized to issue various types of securities and other obligations for their governmental projects and purposes. Depending on the issuer, these obligations may include general obligation bonds and bond anticipation notes, revenue or mortgage revenue bonds, sales tax supported bonds, municipal income tax bonds, tax anticipation notes (TANs), revenue anticipation notes (RANs) and lease obligations (or certificates of participation in lease obligations).

General obligation bonds and bond anticipation notes are securities to which the full faith and credit and general taxing power of the State or subdivision are pledged. The primary tax pledged may be a voted or unvoted tax. An issuer may provide for supplemental pledges of special assessments, utility or enterprise revenues, municipal income taxes or county sales and use taxes, among other sources of funds, to further secure such obligations. Frequently an issuer uses assessments, utility revenues, income or sales and use taxes (pledged or not) or other sources to pay the debt service of its general obligation debt.

Revenue bonds or notes are secured solely by a pledge of the net revenues derived from the ownership or operation of an enterprise or system or from a specified facility or facilities. Such obligations are not general obligations and are not secured by taxes. Mortgage revenue bonds or notes are revenue obligations further secured by a lien on the enterprise, system or facilities.

Tax or revenue anticipation bonds and notes (including county sales tax supported bonds and notes, municipal income tax bonds, special assessment notes for certain municipal services, TANs and RANs) are securities issued in anticipation of a particular stream of current tax or other revenues within a fiscal year, or a stream of revenues from a particular tax levy; and are secured solely by the particular revenues anticipated.

The issuance of such securities by the State and its subdivisions is governed by the Constitution and many different provisions of the ORC; however, the Uniform Public Securities Law provides authorizations, procedures and limitations generally applicable to most of the securities issued by the State's political subdivisions.

Lease obligations are obligations of an issuer to pay lease rentals under a lease purchase agreement. Certificates of participation are securities evidencing a right to receive a fractional portion of lease rentals under such an agreement. Such obligations do not constitute debt or bonded indebtedness because of the limited nature of the security provided by the issuer.

CHAPTER 133 SECURITIES

"Chapter 133 Securities" are securities authorized by or issued pursuant to the Uniform Public Securities Law (Chapter 133 ORC). Those securities include most general obligation bonds and bond anticipation notes, current tax and revenue notes and tax anticipation notes. They also include certain county and township revenue issues.

Chapter 133 Securities may be sold at public or private sale; the decision being left to the issuing subdivision.

Following are various types of Chapter 133 Securities.

Chapter 133 Securities for Permanent Improvements

Section 133.15 ORC authorizes the taxing authority of any subdivision to issue securities to provide funds to pay the cost of any permanent improvements that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve or construct. (Section 133.15(A) ORC). Costs of permanent improvements are broadly defined to include direct and related indirect costs, including planning, design and financing costs among others. See Costs of Permanent Improvements Which May Be Financed (page 34) below. Securities issued to provide funds for permanent improvements may be issued prior to the completion of any proceedings required to authorize the permanent improvement or the expenditure of the proceeds. Additionally, proceedings for the issuance of securities for an improvement for which special assessments are not to be levied may authorize the improvement and the expenditure of funds for the improvement, without the prior or subsequent necessity of instituting or completing any other proceedings that other provisions of the ORC that contemplate that special assessments may be levied for that type of improvement otherwise might require prior to an authorization of that type.

Chapter 133 Securities that may be issued to provide funds to pay costs of permanent improvements include general obligation bonds and bond anticipation notes, county sales and use tax supported bonds, county revenue obligations for utility or enterprise improvements and TANs.

General Obligation Securities

General obligation bonds and bond anticipation notes are the Chapter 133 Securities most frequently issued by Ohio's political subdivisions to provide funds to pay costs of permanent improvements. General obligation bonds provide long-term, fixed rate financing. Notes may be issued in anticipation of such bonds to provide temporary construction financing or to provide longer term financing at short term rates in effect from time to time as they are renewed.

The primary security for general obligation bonds, which are authorized as set forth in Section 133.23 ORC, is provided by an undertaking of the taxing authority of the subdivision to levy annually either (i) a voted ad valorem property tax (approved by the electors of the subdivision as a part of the bond issue question) that is unlimited as to amount or rate or (ii) an unvoted ad valorem tax that is subject to the ten-mill limitation (see page 40) or, in the case of a charter municipality, a separate tax rate limitation provided in the municipal charter, in amount sufficient to pay the debt charges on the bonds when due, as required by Section 11 of Article XII of the Ohio Constitution. However, in issuing general obligation securities, a subdivision pledges its full faith and credit in addition to its general property taxing power for the timely payment of the debt charges.

Additional security for general obligation bonds may be provided in appropriate circumstances by a supplemental pledge of special assessments, net utility or enterprise revenues or municipal income tax, county sales and use tax revenues or other particular funds or revenues.

Information concerning the provisions and requirements relating to the maximum maturities, maturity schedules, interest rates and sales of general obligation securities is set forth on pages 26 through 33.

General obligation bond anticipation notes, commonly referred to as "BANs", are securities issued in anticipation of the issuance of bonds and authorized as set forth in Section 133.22 ORC. Security for the payment of the debt charges on such BANs when due includes undertakings of the taxing authority of the subdivision to (i) apply the proceeds from the sale of the anticipated bonds or any renewal BANs, and any remaining proceeds of the initial BANs, to the payment of debt charges on the BANs and (ii) levy annually the same voted or unvoted tax that would have been levied if the anticipated bonds had been issued without the prior issuance of the BANs.

BANs, except special assessment BANs (described below) issued under Section 133.17 ORC, may be renewed from time to time until:

(i) the expiration of two hundred forty months from the date of original issue or, if a shorter period, the maximum maturity of the anticipated bonds plus five years; or

When BANs, other than special assessment BANs, are outstanding later than the last day of December of the fifth year following the date of issuance of the original issue,

(i) the period in excess of those five years must be deducted from the last permitted maturity of the bonds in anticipation of which the BANs are issued, and

(ii) a portion of the principal of the BANs must be paid in annual amounts equal to the principal amount that would have been paid annually if bonds had been issued after the fifth year.

Special assessment BANs, issued in anticipation of general obligation bonds secured both by anticipated collections of special assessments and an ad valorem property tax, may be renewed until December 31 of the fifth year following the calendar year of issuance of the original issue or, if later, the disposition of litigation preventing the sale.

County Sales Tax Supported Securities

Pursuant to Section 133.081 ORC, a taxing authority of a county which has levied a county sales tax pursuant to Sections 5739.021 or 5739.026 ORC (and a companion use tax levied under Section 5741.021 or 5741.023 ORC) for the purpose of providing additional general revenues of the County may issue sales tax supported bonds to finance any permanent improvement as defined in Section 133.01 (CC) ORC. Sales tax supported bonds issued under Section 133.081 are special obligations (and not general obligations) of the taxing authority and, unless paid from other sources, are payable only from the sales tax receipts pledged for their payment. The maximum amount of sales tax supported bonds that may be outstanding may not exceed an amount that requires payments for debt charges that exceeds in any calendar year the amount of the anticipated sales tax receipts as estimated by the county auditor based on the average amount of such receipts in the two years prior to the year of their issuance (adjusted for any subsequent increase in rate).

Section 133.081 ORC also specifically authorizes the issuance of notes in anticipation of sales tax supported bonds and, in concert with Section 133.34 ORC, the issuance of sales tax supported bonds to refund previously issued sales tax supported bonds or notes.

The maximum maturity of sales tax supported bonds is determined in the same manner as that of general obligation bonds. See **Maximum Maturity of Chapter 133 Securities** (page 26).

County Revenue Securities

In addition to any power to issue securities under other provisions of the ORC, a county may issue revenue securities as authorized pursuant to Section 133.08 ORC. Such securities may be issued for any of the following purposes: water systems or facilities; sanitary sewerage systems or facilities; surface and storm water drainage and sewerage systems or facilities; hospital facilities as defined in Section 140.01(E) ORC; county or joint county solid waste or hazardous waste collection, transfer, disposal facilities, or resource recovery and solid or hazardous waste recycling facilities; and off-street parking facilities pursuant to Section 307.02 ORC.

They may also be issued to fund or refund revenue securities previously issued for any such purpose.

Tax Anticipation Notes

Section 133.24 ORC permits a taxing authority to issue Chapter 133 Securities in anticipation of the collection of the proceeds of a voted property tax levy where the statutory provisions authorizing such levy permit an anticipatory borrowing. The proceeds of such a borrowing are to be used for the purpose of the anticipated levy (which may be for permanent improvements. See also **Tax Anticipation Notes (Voted Property Tax)** (page 11).

Certain Self-Supporting Securities of a County or Township

Section 133.151 ORC authorizes a county or township to issue, for itself or on behalf of any other county or township or in a joint exercise, self-supporting securities to: (1) pay the costs of any permanent improvement that it is authorized to acquire, improve or construct; or (2) to make loans or otherwise provide, by cooperative action, financial assistance to one or more counties or townships, to assist in paying the costs of permanent improvements. Such securities cannot be general obligations of the issuer, but may be secured by: (1) a pledge of and a lien upon the revenues of the issuer derived from ownership or operation of the permanent improvements; (2) amounts received from other counties or townships as repayment of loans; or (3) a pledge of and lien on the proceeds of any securities issued to fund or refund the self-supporting securities.

(ii) the disposition of any litigation that prevents the sale or issuance of the anticipated bonds.

Chapter 133 Refunding Securities

Section 133.34 ORC authorizes a subdivision to issue securities to fund or refund all or a portion of outstanding securities it previously issued as follows: (1) general obligation securities to fund or refund outstanding revenue or mortgage revenue securities, sales tax supported or other special obligation securities previously issued by the subdivision for permanent improvements pursuant to law or the Ohio Constitution; (2) revenue or mortgage revenue securities, if authorized by law or the Ohio Constitution to issue such securities for the original purpose, to fund or refund any outstanding general obligation or sales tax supported securities previously issued by the subdivision, pursuant to law; (3) general obligation securities to fund or refund outstanding general obligation bonds issued in one or more issues for any purpose or purposes; and (4) sales tax supported securities to fund or refund any outstanding revenue or mortgage revenue or general obligation or other special obligation securities previously issued by the subdivision for permanent improvements pursuant to authorization by law or the Ohio Constitution. Securities issued under this section are considered to be issued for the same purpose, or purposes, as the securities that they are issued to fund or refund; and their proceeds must be used as determined by the taxing authority consistent with their purposes.

Section 133.37 ORC authorizes the taxing authority of any subdivision, with the approval of the tax commissioner, at any time to refund any outstanding bonds of the subdivision which have matured or are about to mature, and which were issued in anticipation of the collection of special assessments. The tax commissioner is to approve such an issue, but only to the extent that no other method of payment exists or will exist prior to the maturity date of such bonds. The maturity date of refunding bonds, issued pursuant to this section, cannot be later than ten years from its date of issuance, and the proceeds derived from the sale of the refunding bonds must be transferred to the subdivisions bond retirement fund and be used only for the purpose of meeting the debt service on the refunded bonds.

Chapter 133 Tax and Revenue Anticipatory Securities

Tax Anticipation Notes (Voted Property Tax)

Section 133.24 ORC permits a taxing authority to issue Chapter 133 Securities in anticipation of the collection of the proceeds of a voted property tax levy where the statutory provisions authorizing such levy permit an anticipatory borrowing. These securities are typically called tax anticipation notes or TANs. In addition to any limitations which may be contained in the section of the ORC authorizing the levy, Section 133.24 ORC provides that the outstanding amount of the TANs may not exceed the amount of the levy proceeds that may be anticipated (as provided by the applicable tax levy law) and that the TANs must mature no later than December 31 of the last year authorized by law or the last year of collection of the anticipated levy, whichever is earlier, Section 133.24 ORC also establishes requirements and limitations with respect to maturity schedules for such securities and the deposit and use of proceeds. The statute authorizing the particular levy often limits both the amount and timing of such borrowings. See the discussion under Tax Anticipation Notes Issued under Chapter 5705 (Tax Levy Law) (page 17).

Current Revenue Anticipation Securities

Section 133.10(A) ORC authorizes the taxing authority of any subdivision to issue securities in anticipation of the collection of current property tax revenues in and for any fiscal year. The aggregate principal amount of such securities may not exceed one-half of the amount estimated to be received from the property taxes anticipated in that fiscal year and prior to the last day of the sixth month following the month in which the securities were issued, other than taxes received for the payment of debt charges or allocated to debt charges on notes issued pursuant to Section 133.10 (C) and any advances received. Generally, securities issued under this section must mature not later than the last day of the sixth month following the month of issuance, or the last day of the fiscal year, whichever is earlier, and are not to be issued prior to the first day of the fiscal year in which such tax receipts will be received. The proceeds of such securities are to be used for the same purpose for which the anticipated revenues were to be used.

Section 133.10(B) ORC allows the taxing authority of any subdivision to borrow up to one-half of estimated moneys to be received for the remainder of the fiscal year from any source, including anticipated federal or state moneys, but excluding property taxes. The proceeds of such securities are to be used for the same purpose for which the anticipated revenues were to be used.

Section 133.10(C) ORC permits counties, municipalities, townships and school districts to borrow up to one-half of the property tax revenues estimated to be received by the subdivision during the remainder of the fiscal year, other than taxes for debt charges, and less all advances. In determining the aggregate amount of borrowing capacity under this division, all securities issued under Section 133.10 (A) ORC are included. Securities issued under this division are to mature not later than the last day of the fiscal year. The proceeds of such securities are to be used for the same purpose for which the anticipated revenues were to be used.

Special Assessment Anticipation Securities

Section 133.17 ORC authorizes the taxing authority of a subdivision to issue general obligation bonds in anticipation of the collection of unpaid special assessments in an amount sufficient to pay the portion of the costs of a permanent improvement for which the special assessments have been levied. The subdivision may also issue BANs in anticipation of the levy of special assessments and the issuance of bonds under this Section. BANs issued under this Section must mature not later than the last day of December of the fifth year following the year in which the anticipatory securities were initially issued, except that BANs may be renewed from time to time until the final disposition of any litigation that prevents or delays the delivery of the anticipated bonds.

Section 133.13 ORC allows a subdivision to issue securities, in anticipation of collection of special assessments, to be paid in one annual installment, to pay the cost of lighting, sprinkling, sweeping, cleaning or similar services; or those described in Section 727.011 ORC (maintenance of trees) or removing snow, ice and debris from, or treating the surface of streets, alleys, public ways and places. Such securities are not general obligations and do not pledge any revenues other than the special assessments. Since no general property tax pledge exists, this debt is exempt from all direct and indirect debt limitations. A municipality may, however, pledge proceeds of its municipal income tax for the payment of debt charges on such issues. The securities must mature not later than December 31 of the year the special assessments are scheduled to be collected.

Chapter 133 Securities for Final Judgments

Section 133.14 ORC authorizes a taxing authority of a subdivision to issue securities to provide funds to pay final judgments rendered against the taxing authority, including settlements approved by a court, if the fiscal officer certifies that the subdivision is unable, from other funds that have been appropriated and are available, to pay the judgments. The securities may be either (i) general obligations or (ii) special obligations payable solely from the particular taxes and revenues pledged, other than ad valorem property taxes, and are not general obligations of the subdivision. Such securities must mature not later than the last day of December of the twenty-fifth year following the year in which the securities were initially issued. Similar authority is provided in Sections 306.40 (for transit authorities) and 2744.081.

Chapter 133 Securities for Costs of Real Estate Assessment

Section 133.11 ORC allows counties, if allocated funds are insufficient for current expenses and to pay the total estimated costs of the county auditor's assessment of real estate required by Section 5713.01 ORC, to issue general obligation securities to pay the estimated cost of that assessment. The final maturity of such securities must not be later than seventy-two months from the date of initial issuance.

Chapter 133 Securities for Certain Emergency Purposes

Section 133.12 ORC allows subdivisions, after a determination of necessity by the tax commissioner, to issue general obligation securities for the following purposes:

- To pay expenses the board of health deems necessary to prevent the spread of an epidemic or threatened epidemic; To provide temporary facilities to replace essential permanent improvements destroyed by fire, flood or extraordinary catastrophe; or

- To pay the costs of certain special elections.

The first half of the principal must be paid on the first day of June and the second half must be paid on the first day of December, in the earliest year following the next statutory tax budget permitting the levy of a property tax to pay the debt charges.

Chapter 133 Securities for Housing

Section 133.51 ORC allows any county, municipal corporation or township to incur public obligations, including general obligations, to provide, or assist in providing, housing pursuant to Article VIII, Section 16 of the Constitution. Such obligations may be for costs of permanent improvements or for loans.

Chapter 133 Securities for Agricultural Easements

Section 133.60 ORC allows the board of county commissioners of a county to issue bonds for the purpose of acquiring agricultural easements (defined in Section 5301.67(C) ORC). Such bonds do not constitute general obligations of the county, and they are not to be secured by a pledge of the full faith and credit of the county, except revenues from sales and use taxes levied under sections 5739.026 and 5741.023 ORC.

Section 133.61 ORC permits the legislative authority of a municipal corporation, a board of county commissioners or board of a township trustees to issue voted general obligation bonds to acquire agricultural easements.

Other Securities Subject to Chapter 133

Sections 504.18 and 504.20 ORC authorize a township that has adopted a limited home rule form of government to issue unvoted general obligation securities to acquire, construct, maintain, improve, repair, operate and pay all or any of the costs of water supply facilities or sewer improvements including securities in anticipation of the levy of collection of special assessments for the improvements, pursuant to a plan adopted under 504.19 ORC. Those Sections further authorize the board of township trustees to levy special assessments for such improvements or to charge, alter and collect rents and other charges for the use of a water supply facility or sewer improvement, to pay the costs of constructing or otherwise improving such facilities and to pay the debt service on voted or unvoted securities.

Section 505.261 ORC permits a board of township trustees to acquire suitable lands and materials, including landscape plantings and other site improvement materials and playground, athletic, and recreational equipment and apparatus, to establish a township park pursuant to Section 505.26 ORC, and for those purposes to issue, subject to Chapter 133 ORC, securities and other public obligations as defined in Section 133.01 (GG) ORC. If the lands are purchased, the board may pay for them over a period of thirty years from the date of purchase, and may issue securities of the township covering the deferred payments pursuant to Section 133.20(B)(4)(c) ORC. If materials, including landscape planting or other site improvement materials and playground, athletic and recreational equipment and apparatus, are purchased, the board may issue securities of the township for that purpose having a maximum maturity of ten years as specified in Section 133.20 (B)(7)(e) or Section 133.20 (B)(7)(f) ORC, covering deferred payments. These securities are not included in the calculation of township net indebtedness. To retire the notes and interest as they become due, the township may expend general funds or levy a tax within the ten-mill tax limitation not to exceed one-half mill for four years. The notes must be offered for sale on the open market and if no sale is made may be given to the vendor or contractor.

Section 505.263 ORC authorizes a township to issue bonds or other indebtedness subject to Chapter 133 ORC to pay the townships share of the cost of constructing, maintaining, or repairing any water supply improvement constructed by a county pursuant to a cooperative agreement with the township under Chapter 6103 ORC (County Water Supply Systems).

Section 505.265 ORC authorizes a board of township trustees to enter into an agreement with the police and firemen's disability and pension fund in accordance with Section 742.30 ORC for the single payment of accrued liability to such fund, and to issue securities under Chapter 133 ORC for the purpose of providing some or all of the funds required to fulfill the townships obligation under the agreement.

TAX ANTICIPATION NOTES ISSUED UNDER CHAPTER 5705 (TAX LEVY LAW)

Section 5705.19 ORC permits the taxing authority of a subdivision, other than a school district or county school financing district, to submit to their electorate for a vote, tax levies outside the ten-mill tax limitation for purposes including, without limitation, current expenses of the subdivision, public library purposes, municipal universities, permanent improvements, street rebuilding and repair, fire and police purposes, county homes, mental health programs, regional planning, flood defense, sewage disposal plants, transit systems, abatement of air pollution, cemetery expense, ambulance and emergency medical service, solid waste collection and disposal, drainage, police and fire pensions, senior citizens programs, recreational purposes, zoos, museums, 9-1-1 systems, rail service, community centers, economic development, township airports, water supply, and wet lands preservation. Upon approval of such a levy, the taxing authority of the subdivision may issue tax anticipation notes in accordance with Sections 133.24, 5705.191 and 5705.193 ORC.

Section 5705.191 ORC permits the taxing authority of a subdivision, other than a school district or a county school financing district, to borrow in anticipation of tax levies for any of the purposes listed in Section 5705.19 ORC or for public assistance, human or social services, relief, welfare, hospitalization, health and support of general hospitals: (i) In the case of a continuing levy that is not levied for the purpose of current expenses, such notes may be issued in an amount not exceeding fifty percent of the total estimated proceeds of the levy for the succeeding ten years, less an amount equal to the fraction of the proceeds of the levy previously anticipated by the issuance of anticipation notes; (ii) in the case of a levy for a fixed period that is not for the purpose of current expenses, such notes may be issued in an amount not exceeding fifty percent of the total estimated proceeds of the levy throughout the remaining life of the levy, less an amount equal to the fraction of the proceeds of the levy previously anticipated by the issuance of anticipation notes; or (iii) in the case of a levy for current expenses, such notes may be issued in an amount not exceeding fifty percent of the total estimated proceeds of the levy throughout the term of the levy in the case of a levy for a fixed period, or fifty percent of the total estimated proceeds for the first ten years of the levy in the case of a continuing levy. Notes issued under Section 5705.191 ORC are issued in accordance with provisions of Section 133.24 ORC.

Section 5705.193 ORC allows a county, where the electorate has approved a tax levy under Section 5705.191 ORC, to issue notes in anticipation of such levy, for the purpose of providing funds for the acquisition or construction of a specific permanent improvement or class of permanent improvements. The principal amount of such notes may not exceed seventy-five percent of the estimated proceeds of the levy anticipated to be collected after the notes have been issued, less any amount equal to the proceeds previously obligated by the issuance of any prior notes. Notes issued under Section 5705.193 ORC are issued in accordance with provisions of Section 133.24 ORC.

Section 5705.194 ORC allows city, local, exempted village, cooperative education or joint vocational school districts to issue notes in anticipation of a levy approved by the electorate of the district to provide for the emergency requirements of the district or to avoid an operating deficit. The district may borrow up to an amount not to exceed proceeds of the levy anticipated to be received annually, and retire the principal each year after the year of issuance of the notes over a period not to exceed the shorter of five years or the life of the levy. Notes issued under Section 5705.194 ORC are issued in accordance with provisions of Section 133.24 ORC.

Section 5705.198 ORC allows the taxing authority of a joint recreation district to issue notes in anticipation of a levy approved by the electorate of the district for park and recreational purposes. The principal payments on all such tax anticipation notes to be made in any calendar year are not to exceed fifty percent of the anticipated proceeds for the levy for that year, and no note is to have a maturity date later than December 31 of the fifth calendar year following the calendar year of issuance. Notes issued under Section 5705.198 ORC are issued in accordance with provisions of Section 133.24 ORC.

Section 5705.21 ORC allows city, local, exempted village, cooperative education or joint vocational school districts to issue notes in anticipation of a levy approved by the electorate of the district for the purpose of current expenses, public library expenses, general or specified permanent improvements, park and recreational purposes, constructing, operating and maintaining community centers, operating a cultural center or for providing education technology. After the approval of such a levy for current expenses, park and recreational purposes, community centers or a public library, and prior to the first tax collection, the district may issue notes in an amount not exceeding fifty percent of the estimated proceeds to be collected in the first year of the levy. If the approved levy is for a temporary levy for specified permanent improvement or for general permanent improvements, the district may issue notes in an amount not to exceed fifty percent of the total estimated proceeds of the levy remaining to be collected in each year over a period of five years after the issuance of the notes. Notes issued under Section 5705.21 ORC for these purposes are issued pursuant to Section 133.24 ORC and must have principal payments each year after the year of their issuance over a period not to exceed five years.

If the approved levy is a continuing levy for general permanent improvements, the board of education may issue notes in an amount not to exceed fifty percent of the total estimated proceeds of the levy remaining to be collected in each year over a period not to exceed ten years after issuance of the notes. Such notes are issued pursuant to Section 133.24 ORC and must have principal payments each year after the year of their issuance over a period not to exceed ten years.

Section 5705.212 ORC permits city, local, exempted village, cooperative education or joint vocational school districts to issue notes in anticipation of an incremental millage levy approved by the electorate of the district for current expenses. The first tax to be levied (the original tax) may be levied for any number of years not exceeding ten, or for a continuing period of time. The rate of the original tax and each subsequent levy (the incremental tax) is cumulative so that the aggregate rate levied in any year is the sum of the rates of the original tax and all incremental taxes levied in or prior to that year. After the approval and prior to the first collection of the tax, the district may issue notes in an amount not to exceed fifty percent of the anticipated proceeds of the first year of the levy. The notes must mature in substantially equal amounts over a period not to exceed five years, and are to be sold in accordance with Chapter 133 ORC.

Section 5705.213 ORC allows any city, local, exempted village or joint vocational school district to issue notes in anticipation of an incremental dollar levy approved by the electorate of the district for current expenses. For each year such a levy is in effect, the amount of money that the levy is anticipated to raise is expressed in terms of a dollar amount or percentage increase over the previous years amount. Such levy may be for a period not exceeding ten years. After approval and prior to the first collection of the levy, the district may issue notes in an amount not exceeding fifty percent of the first year's anticipated proceeds. The notes must mature in substantially equal annual amounts each year for a period not exceeding five years, and must be sold as provided in Chapter 133 ORC.

Section 5705.215 ORC allows the taxing authority of a county school financing district to issue notes in anticipation of a levy for current expenses to provide special education and related services or for specified educational services; and permanent improvements for special education and related services, specified educational programs and permanent improvements. After approval, and prior to the first collection of the tax, the district may issue notes in an amount not exceeding fifty percent of the estimated proceeds of the levy to be collected in each year not exceeding five years after the date of issuance, less an amount equal to the proceeds of such levy obligated for each year by the issuance of anticipation notes, provided that the total amount maturing in any one year cannot exceed fifty percent of the anticipated proceeds for that year. Such notes are sold as provided in Chapter 133 ORC and, except for the limitation that the total amount maturing in any one year, cannot exceed fifty percent of the anticipated proceeds for that year, must mature in substantially equal annual installments over a period not to exceed five years.

Section 5705.216 ORC permits any city, local, exempted village or joint vocational school district that has issued permanent improvement levy anticipation notes under Sections 5705.21 (C)(2) or 5705.21 (C)(3), or a county financing district that has issued permanent improvement levy anticipation notes under Section 5705.215 ORC, to issue additional notes for such purpose, if the proceeds from the initial notes have been spent, contracted, or encumbered, and if approved by the superintendent of public instruction.

Section 5705.217 ORC permits a city, local or exempted village school district to issue notes in anticipation of a combined levy approved by the electorate of the district for current operating expenses and the acquisition, construction, enlargement, renovation and financing of permanent improvements. Such a tax may be levied for a number of years not exceeding five, or if the tax is for current operating expenses or for general ongoing permanent improvements for a continuing period of time. If the anticipated levy is for current operating expenses, the district may issue notes prior to the first collection and distribution of the levy in a principal amount not to exceed fifty percent of the total estimated proceeds of the tax to be collected during the first year of the levy and such notes shall mature over not more than five years. If the anticipated levy is for specific permanent improvements, the district may issue notes in a principal amount not exceeding fifty percent of the total estimated proceeds of the tax remaining to be collected in each year for five years after the issuance of the notes and such notes shall mature over not more than five years. If the anticipated levy is for general, ongoing permanent improvements, the district may issue anticipation notes in a principal amount not exceeding fifty percent of the total estimated proceeds of the tax to be collected in each year for a specified number of years, not exceeding ten years after the issuance of the notes, and such notes may not mature over a period exceeding ten years. Notes issued under this section must be issued as provided in Section 133.24 ORC.

Section 5705.218 ORC permits a city, local or exempted village school district to issue notes in anticipation of a levy, for current expenses or permanent improvements approved by the electorate of the district, as a part of a combined ballot question with a general obligation bond issue, if the amount of taxes that can be raised within the ten-mill limitation will be insufficient to provide an adequate amount for the present and future requirements of the district, and it is necessary to issue general obligation bonds for permanent improvements and to levy an additional tax in excess of that limitation to pay debt charges on the bonds or any anticipatory securities, for the acquisition, construction, enlargement, renovation and financing of permanent improvements or to pay for current operating expenses or both:

1. If the anticipated levy was approved for current operating expenses, prior to the first collection and distribution of the levy, the district may issue notes in a principal amount not exceeding fifty percent of the total estimated proceeds of the tax to be collected during the first year of the levy. Such notes may mature over a period not exceeding five years and may have a principal payment in the year of issuance.
2. If the anticipated levy was approved for permanent improvements having a specific purpose, the district may issue notes, at any time after the approval of the levy, in a principal amount not exceeding fifty percent of the total estimated proceeds of the tax remaining to be collected in each year over (i) a five year period after the issuance of the notes, or (ii) the remaining life of the levy. Such notes may mature over a period not exceeding five years and may have a principal payment in the year of issuance.
3. If the anticipated levy was approved for general, ongoing permanent improvements the district may issue notes, at any time after the approval of the levy, in a principal amount not exceeding fifty percent of the total estimated proceeds of the tax to be collected in each year over a period of years

not exceeding ten, after the issuance of the notes. Such notes may mature over a period not exceeding ten years and may have a principal payment in the year of issuance.

Notes issued under Section 5705.218 ORC are to be issued as provided in Section 133.24 ORC.

Section 5748.05 ORC permits a city, local or exempted village school district, to issue notes in anticipation of a school district income tax approved by the electorate of the district for current operating revenues or for permanent improvements. Prior to the first payment of the income tax proceeds to the district, the district may issue anticipation notes in an amount not to exceed fifty percent of the estimated first year's collection. The notes must have principal payments each year over a period not exceeding five years. They are Chapter 133 securities and must be issued as provided in Section 133.24 ORC. The legislation authorizing the notes may also provide for the annual levy and collection of voted ad valorem property taxes levied for the same purpose the notes have been issued for, and for the application of the levy proceeds, to the extent necessary, to pay the annual debt service on the notes.

OTHER TYPES OF SECURITIES THAT ARE NOT CHAPTER 133 SECURITIES

Municipal Utility and Enterprise Revenue Securities

Municipalities have the authority to issue revenue or mortgage revenue bonds for utility purposes under Article XVIII, Section 12 of the Constitution. Such bonds are issued beyond the general limit of bonded indebtedness prescribed by law and are secured only by the property and net revenues of such utility. Municipalities may also issue revenue bonds under the home rule powers granted in Article XVIII, Section 3 of the Constitution for such purposes as parking garages, municipally owned and operated hospitals and other self-supporting activities. Such bonds are not subject to the rules of the "Uniform Public Securities Law" (Chapter 133 ORC) or to the direct or indirect debt limitations.

Municipal Income Tax Bonds

Under the home rule powers granted in Article XVIII, Section 3 of the Constitution and certain provisions of the ORC, municipalities may issue bonds that are special obligations (and not general obligations) and, unless paid from other sources, are payable only from the municipal income tax receipts lawfully available and pledged for their payment.

Revenue bonds issued by subdivisions other than municipalities are authorized by various sections of the ORC and may, in some instances, not be required to conform to the "Uniform Public Securities Law".

Tax Increment Financings

Chapter 5709 ORC authorizes municipalities, townships and counties to declare the increase in value of certain parcels of property to be exempt from real property taxation and to require the owner of such property to make "service payments in lieu of taxes" ("PILOTS"). This financing technique is commonly referred to as "tax increment financing" ("TIF"). Under a TIF program, the PILOTS paid by the property owners are used to pay costs of infrastructure improvements that either directly benefit the exempt parcels, or are constructed in the same incentive district as the exempted property.

Section 5709.40 ORC provides that where municipalities issue bonds or notes to finance the costs of such infrastructure improvements and pledge the PILOTs to pay principal and interest, such bonds and notes are not subject to Chapter 133 ORC.

Section 5709.73 ORC specifically authorizes townships to issue notes to finance the costs of such infrastructure improvements, which are not subject to Chapter 133 ORC and are required to contain a pledge of the PILOTs to pay principal and interest.

Section 5709.81 ORC specifically authorizes counties to issue revenue bonds or notes to refund (a) any general obligation bonds or notes, (b) any mortgage revenue bonds or notes, or (c) any other revenue bonds, which were issued prior to the effective date of the resolution enacting the TIF. Such bonds or notes must pledge only the PILOTs for payment of principal and interest, and are not subject to Chapter 133 ORC.

Township Special Obligations

Section 505.262 ORC allows a township to issue general obligation securities to finance construction or purchase of equipment, buildings and sites. The securities issued for such expense must have a maximum maturity not exceeding the maximum maturity set forth in Section 133.20 ORC, but are not otherwise subject to Chapter 133. Such securities shall be offered for sale on the open market and if no sale is made given to the vendor or contractor. Section 505.262(B) limits the amount of such securities that may be issued and outstanding by providing that the debt service charges in the first year, together with the debt service charges or all other such obligations of the township, may not exceed one-tenth of the township’s revenues from all sources.

Section 505.264 ORC authorizes a township to issue securities or enter into an installment payment contract for the purchase and installation of energy conservation measures.

Section 505.37 and 505.40 ORC authorize a township to issue voted general obligation bonds for fire apparatus and appliances, buildings or sites therefore, sources of water supply and materials therefore. The amount of such securities is limited to the greater of one hundred fifty thousand dollars or two percent of the township's total assessed value, whichever is greater.

MAXIMUM MATURITY OF CHAPTER 133 SECURITIES

Besides being limited as to the amount of debt, subdivisions issuing Chapter 133 securities are also restricted as to the length of maturity of the debt.

The method of determining the maximum maturities of general obligation and county sales tax supported Chapter 133 securities, which are generally based on the estimated lives or periods of usefulness of the improvements financed, is set forth in Section 133.20 ORC. The period of maximum maturity is measured from a date twelve months prior to the date of the earliest principal maturity, if the bonds mature in annual installments, or six months prior to the date of the earliest principal maturity if the bonds mature in semi-annual installments. Various types of improvements are separated into classes which are estimated to have useful lives of from five to fifty years.

(1) Bonds issued for the following permanent improvements have the maximum maturities as follows: **Fifty years** for the clearance and preparation of real property for redevelopment as an urban redevelopment project; acquiring, constructing, widening, relocating, enlarging, extending, and improving a publicly owned railroad or line of railway or a light or heavy rail rapid transit system, including related bridges, overpasses, underpasses and tunnels; and pursuant to Section 307.675 ORC constructing or repairing a bridge using long-life expectancy material. **Forty years** for general waterworks or water system permanent improvements, including buildings, water mains and other related structures and facilities; sewers or sewage treatment or disposal works or facilities, including related buildings and structures; storm water drainage, surface water and flood prevention facilities; and real property acquired or constructed by a school district or county (if so estimated by the fiscal officer). **Thirty-five years** for sports facilities. **Thirty years** for municipal recreation, excluding equipment; urban redevelopment projects; acquisition of real property (other than school district or county real property estimated to have a longer useful life);street

lighting or relocating appurtenant equipment underground; and county energy conservation measures (if so estimated). **Twenty years** for constructing, reconstructing, widening, opening, improving, grading, draining, paving, extending or changing the line of roads, highways, expressways, freeways, streets, sidewalks, alleys, or curbs and gutters and related bridges, viaducts, overpasses, underpasses, grade crossing eliminations, service and access highways and tunnels. **Fifteen years** for resurfacing roads, highways, streets or alleys; alarm, telegraph or other communications systems for police or fire departments or other emergency services; passenger buses used for mass transportation; and energy conservation measures of school districts. **Ten years** for water meters; fire department apparatus and equipment; road construction and servicing vehicles; furniture, equipment and furnishings; landscape planting and other site improvements; playground, athletic and recreational equipment and apparatus; and energy conservation measures of townships. **Five years** for new motor vehicles other than those described elsewhere in Section 133.20 ORC and those for which provision is made in other sections of the ORC.

(2) Bonds issued for any permanent improvement not set forth above can have a maximum maturity of from five to thirty years as the fiscal officer estimates is the estimated life or period of usefulness of the permanent improvement. Bonds issued under Section 133.51 ORC (housing) for purposes other than permanent improvements can have maturities not to exceed forty years.

(3) Securities issued to finance a single payment of accrued liability to police and firemen's disability and pension fund by a township under Section 505.265 ORC; cannot mature later than December 31, 2035.

(4) Securities issued for one purpose may include permanent improvements within two or more categories set forth in (1) and (2) above. The maximum maturity of such a bond issue cannot exceed the average number of years of life or period of usefulness of the permanent improvements as calculated by the weighted average of the amounts expended for the categories of permanent improvements.

(5) Securities issued in anticipation of the collection of special assessments are not to mature beyond the final year during which the assessments are to be collected.

In addition to other limitations in the particular statutes authorizing their issuance as described herein, the maximum maturity of the TANs, RANs and CTRNs cannot extend beyond the end of the final year or fiscal year during which the anticipated tax or other revenues are to be received.

MATURITY SCHEDULES OF SECURITIES

Section 133.21 ORC provides guidelines for establishing maturity schedules for general obligation bond issues. The principal amount of bonds issued by any subdivision may be payable in annual or semi-annual installments as serial securities or in accordance with mandatory sinking fund or mandatory sinking fund redemption requirements. Except as provided in (2) and (3) below, these installments are to be

A. in substantial equal principal installments; or
B. in such principal installments that the total interest and principal payments in any fiscal year in which principal is payable is
    i. Substantially equal, or is
    ii. Not more than three times the amount of those payments in any other fiscal year; or
    iii. In the case of self-supporting securities, payments on those securities and other securities for the same self-supporting utility or enterprise, except anticipation securities, are substantially equal.

In the case of bonds issued in multiple installments or series for the same purpose, these principal payment requirements may be met either with respect to each installment or series or with respect to all installments and series on a consolidated basis.

(2) Except for refunding securities issued pursuant to Section 133.34 ORC, the first principal payment date for securities with annual principal payments, the first principal payment must be not later than the first day of the third August next following fifteenth day of July next following the passage of the legislation authorizing the issuance of the securities; and the first principal payment date for securities issued with semi-annual principal payments may not be later than the first day of the second February following the fifteenth day of July next following the passage of the legislation authorizing the issuance of such securities.

(3) Paragraphs (1) and (2) do not apply to refunding bonds,

anticipatory securities, securities that are not general obligations, or general obligations issued for the acquisition of real property and the clearance and preparation thereof for redevelopment as an urban development project. Such securities may mature or be payable in annual or semiannual installments, and in such amounts as may be determined by the taxing authority of the municipality issuing the securities.

INTEREST RATES

Chapter **133** Securities are generally required to bear interest at a fixed rate or rates specified or provided for in the legislation of the subdivision authorizing their issuance. Section 133.26 ORC. Limited exceptions are expressly provided in Chapter 133 ORC for (i) BANs (Section 133.22(D) ORC), (ii) County revenue bonds (Section 133.08 ORC), (iii) County sales tax supported bonds (Section 133.081 ORC) and (iv) voted general obligation bonds to be payable from sources other than property taxes or special assessments pursuant to covenants or other provisions of the legislation authorizing the issuance of the bonds, all of which may bear interest at a variable rate or rates changing from time to time in accordance with a base, formula or standard, including a determination of the rate required to sell the securities on the open market at par and other floating interest rate structures. See Sections 9.98 through 9.983 ORC. Municipal revenue and mortgage revenue obligations issued pursuant to Article XVIII, Sections 3 or 12 and certain revenue and obligations of other subdivisions may also bear interest at a variable rate or rates (as well as at a fixed rate or rates).

There is no statutory limit on the rate or rates (or maximum rate or rates) that may be specified or provided for in such legislation. Section 9.95 ORC simply provides that the interest rate (or rates) for securities issued by a subdivision cannot exceed the maximum rate (or maximum average rate) determined by the legislative authority, taxing authority, subdivision governing board, officer, or other issuer, board, authority, commission, district, agency, body or entity that is the issuer.

SECURITY SALE PARTICULARS

Under Section 133.30 ORC, all Chapter 133 Securities may be sold at competitive bid on the best bid, which permits an award based upon lowest net interest cost or other method of determination, or at private sale in a manner authorized by the legislative authority, and at not less than ninety-seven percent of par, plus accrued interest, at an interest rate, or rates, not exceeding that determined by the taxing authority.

The taxing authority may combine securities that are payable from property taxes that have been authorized for different permanent improvement purposes into a single (various purpose) consolidated issue of securities for sale as a single issue. An issuer may not combine securities payable from property taxes levied inside (unvoted) and outside (voted) the tax limitation; nor can general obligations and non-general obligations be combined into a single issue.

If public competitive bids are to be taken, an advertisement of such sale is to be made in a newspaper of general circulation in the county where the securities are issued, or in a financial journal, or by distribution of a request for bids in a manner determined by the taxing authority. Additionally, a copy of the advertisement **must** be provided to the Ohio Municipal Advisory Council at least ten days prior to the day the bids are to be received.

<u>Any advertisement for competitive bids must contain the following:</u>

1. The total maximum principal amount;
2. The amount or amounts, and date or dates, of principal payments, and by whom they are to be determined, including any mandatory sinking fund requirements, and any provision for call or redemption prior to maturity, including any mandatory sinking fund redemption requirements;

3. The maximum rate or rates of interest, if any, and any other limitations placed thereon, such as ascending or descending rates etc.;
4. The dates for the payment of interest;
5. The general purpose or purposes and the source or sources of payment.
6. The date, time and place of bid openings, which do not have to be in the subdivision, and the manner in which the bids may be presented;
7. The basis on which the best bid will be determined, including the basis for determining interest cost, if other than net interest cost determined by computing the interest payable to the stated maturity date, or dates, plus any discount or minus any premium bid;
8. The bid security to be submitted with the bid, if any; and
9. Any other information or terms of sale.

COSTS OF PERMANENT IMPROVEMENTS THAT MAY BE FINANCED

Under Section 133.15 ORC, the taxing authority of any subdivision may issue securities to pay all, or any portion, the costs of any permanent (capital) improvement that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve or construct. Securities may be issued prior to the completion of any proceedings required to authorize the improvement or the expenditure of the proceeds of the securities. Costs of permanent improvements that may be financed with the proceeds of the securities include:

1. Acquiring, constructing, reconstructing, rehabilitating, installing, remodeling, renovating, enlarging, equipping, furnishing; or otherwise improving permanent improvements;
2. Site clearance, improvement, and preparation;
3. Acquisition of real or personal property;
4. All related direct administrative expenses and allocable portions of indirect costs of the subdivision;
5. Indemnity or surety bonds and insurance premiums;
6. Engineering, architectural, legal and other consulting and professional services;
7. Designs, plan specifications, feasibility or rate studies, appraisals, surveys and estimates of cost;
8. Interest or interest equivalent on the securities, whether capitalized or not;
9. Financing costs;
10. Title work and title commitment, insurance, and guaranties;
11. Amounts necessary to establish any debt service reserve or other reserves as required by the proceedings;
12. Audits;

13. Reimbursements of moneys advanced or applied by or borrowed for the payment of any item or items of cost of the permanent improvements; or
14. All other expenses necessary or incidental to planning or determining feasibility or practicability with respect to the permanent improvements.

ELECTIONS

Certain debt issues and/or tax levies require must be approved by a vote of the electors of the subdivision. Elections to obtain such approval are conducted in accordance with Section 3501.01 et seq. ORC and the particular bond issue or tax levy statute and may be held at:

1. A special election of the date of the general election (held on the first Tuesday after the first Monday in November);
2. A special election of the date of the primary election held the first Tuesday after the first Monday in May; except in years in which a presidential primary election is held. In such years all primary elections are held on the first Tuesday after the first Monday in March, except as otherwise authorized by a municipal or county charter; or
3. A special election held on the first Tuesday after the first Monday in February or August or on a day authorized by a municipal or county charter; except that in a year in which a presidential primary election is held, no special election may be held in February, except as authorized by a charter.

General obligation bond issues, and tax levies authorized under Sections 5705.19, 5705.191, 5705.194, 5705.21 and Chapter 5748 ORC require a simple majority.

DEBT LIMITATIONS

As there are rules for debt limitations, so are there exceptions. In order to simplify the subject of debt limitations, each type of subdivision will be discussed individually; however, since the statutory limitations generally apply to the "net indebtedness" of a subdivision, a review of the Ohio Revised Code's definition of "Net Indebtedness" is the first step that must be undertaken in understanding the limitations.

DETERMINATION OF NET INDEBTEDNESS (133.04 ORC)

Generally, the net indebtedness of any subdivision is the principal amount of the outstanding securities of the subdivision, less the amount held in the bond retirement fund for the payment of that principal amount. However certain securities are not included in the determination of the net indebtedness of any subdivision. These exempt securities include:

1. Securities issued in anticipation of the collection of special assessments in either original or refunded form;

2. Securities issued in anticipation of (tax or non-tax) revenues for the fiscal year or other period not to exceed twelve consecutive months, (typically referred to as current revenue notes or current tax revenue notes);

3. Securities issued in anticipation of the collection of proceeds of a specific voter approved tax levy, (typically referred to as "tax anticipation notes" or "TANs");

4. Securities for certain emergency purposes outlined in Section 133.12 ORC; essentially for the prevention or the spread of an epidemic, to provide temporary facilities for bridges, roads, schools, or public buildings destroyed by fire, flood or other extraordinary catastrophe and for special election costs;

5. Securities issued under ORC Chapter 122 (Development Department), Chapter 140 (Hospital Agencies), Chapter 165 (Industrial Development), Chapter 725 (Urban Renewal), Chapter 761 (Industrial or Economic Development) or Section 131.23 (Delinquent Tax Bonds);

6. Securities issued under Section 2744.081 ORC to pay final judgment or court approved settlements;

7. Securities issued to pay cost of permanent improvements to the extent they are issued in anticipation of federal or state grants;

8. Securities issued to evidence loans from the State Capital Improvements Fund pursuant to Chapter 164 ORC (Aid to Local Government Improvements) or from the State Infrastructure Bank pursuant to Section 5531.09 ORC;

9. Securities issued in an amount equal to the property tax replacement payments received under Section 5727.85, 5727.86, 5751.21 or 5751.22 ORC

10. A portion of the principal amount of general obligation securities issued by a county, municipality or township to pay the costs of permanent improvements, equal to the percentage of the debt service on such securities payable during the current fiscal year, that the fiscal officer estimates can be paid during that year from payments in lieu of taxes under Sections 1728.11, 1728.111, 5709.42, 5709.74 or 5709.79 ORC; and that the authorizing legislation for the securities pledges or

covenants will be used for the payment of the debt service. However, the amount excluded under this section cannot exceed: (a) the lesser of thirty million dollars or one-half of one percent of the tax valuation in the case of a county or township; or (b) one and one-tenth of one percent of the tax valuation in the case of a municipality;

11. Other securities, including self-supporting securities, exempted by law from the calculation of net indebtedness, or from the application of Chapter 133 (Uniform Public Securities Law); and

12. Any other securities outstanding on October 30, 1989, and then exempted from the calculations of net indebtedness or from the application of Chapter 133 (Uniform Public Securities Law), and securities issued at anytime to fund or refund those securities.

Included in the net indebtedness is that principal amount of outstanding securities apportioned to a political subdivision as a result of acquisition of territory, while excluded is that principal amount apportioned to another political subdivision as a result of loss of territory.

The above listed debt is not to be included in the calculation of the statutory direct debt limitations; however, if it is issued without a vote of the electorate, some of such debt may be subject to the indirect debt limitation described on pages 41 through 42.

In addition to the above list of debt not to be considered in the calculation of any subdivision's net debt, each type of subdivision may have other types of debt exempted by various sections of the Ohio Revised Code.

TEN-MILL LIMITATION AND RELATED INDIRECT DEBT LIMITATIONS

Ten-Mill Tax Rate Limitation

In Ohio, each parcel of real property lies within at least three overlapping political subdivisions: a county; a city, village or township; and a school district. In most cases a parcel also lies within one or more other miscellaneous subdivisions. Article XII, Section 2 of the Constitution provides that the maximum aggregate property tax millage that may be levied on any parcel of real property by the taxing authorities of all overlapping subdivisions, without a vote of the people, is one percent (1%), or ten mills per dollar, of its true value in money (Article XII, Section 2 Constitution). Section 5705.02 ORC further limits the maximum aggregate millage levied on taxable property in any one year, without a vote of the people, to ten mills per one dollar of assessed valuation (or one dollar for each one hundred dollars of assessed valuation). Those ten mills must be shared by all of the subdivisions that overlap the parcel and have authority to levy unvoted property taxes. In most instances the entire ten mills is allocated among the overlapping county, municipality or township and school district based on a statutory formula that reflects the historical distribution of the formerly authorized fifteen mills. Additional taxes may be levied outside the ten-mill limitation when approved by the electors of a subdivision by a separate majority vote on the levy, or, in the case of a municipality, by a separate majority vote on a charter provision authorizing the levy.

Taxes levied within the ten-mill limitation are commonly referred to as "inside" millage, and taxes approved by the voters of a subdivision over and above the ten-mill limitation are referred to as "outside" millage. Millage authorized by a charter is usually referred to as "Charter Millage"; however, since some charters refer to inside and outside millage, each charter must be examined individually to determine what is meant in each situation.

Although frequently used to pay the operating expenses of a political subdivision, the ORC requires that the inside millage allocated to a subdivision is used first for the payment of debt service on its unvoted general obligation debt, unless that debt service is paid from other available sources. If the debt service requirements for unvoted general obligation debt of a subdivision exceed its statutory share of taxes within the ten-mill limitation and the subdivision does not have other available sources to meet those requirements, the county budget commission may increase the amount that may be levied by that subdivision within the ten-mill limitation and reduce the amounts to be levied by the other overlapping subdivisions. However, this rarely occurs, and in the case of a municipality, municipal income tax proceeds, and certain voted levy proceeds must be used before other overlapping subdivisions formula allocations may be reduced.

Indirect Debt Limitation

Article XII, Section 11 of the Ohio Constitution requires that whenever bonded indebtedness (which is generally interpreted to mean a full faith and credit or general obligation debt) is incurred or renewed by the State or its subdivisions, an annual tax sufficient to retire the debt must be provided for when the debt is authorized. In the case of voted debt issues, this requirement is satisfied by a special tax that is authorized by the voters at the same time the debt is approved. However, when unvoted general obligation debt is incurred by a subdivision, the Constitutionally-required tax is generally provided by a pledge of the subdivisions share of the unvoted ten mills described above.

The combination of requirements of Article XII, Section 11 that a tax be levied to support each issue of debt, and of Article XII, Section 2 and Section 5705.02 ORC limiting unvoted taxes to ten mills, results in an indirect limitation on the amount of debt that may be issued. That limitation (the indirect or ten-mill debt limitation) prevents a subdivision from incurring unvoted general obligation debt where the aggregate unvoted millage required to be levied by the subdivision and all overlapping subdivisions in any year for debt service on all the outstanding unvoted general obligation debt of the subdivision and all overlapping subdivisions would be in excess of ten mills.

Cities and villages with Charter tax rate limitations may be able to issue unvoted general obligation debt outside the ten-mill debt limitation, but subject to an indirect debt limit created by their Charter tax rate limitations.

In calculating indirect debt limitations, the annual debt service requirements for all unvoted general obligation securities are included, even though the debt service on a particular issue may actually be paid from a source of funds other than a subdivision’s unvoted property taxes, such as special assessments, utility or enterprise revenues or other funds of the subdivision.

The indirect debt limitations apply to all unvoted general obligation debt, whether or not the debt is exempt from the statutory (direct) debt limitations described under Debt Limitations above.

LIMITATIONS OF INDEBTEDNESS OF:

STATE OF OHIO, THE

The State of Ohio is limited in the issuance of debt by Article VIII of the Constitution pursuant to the following sections.

SECTION 1 limits the power of the State to contract debts, to supply casual deficits or failures in revenues, or to meet expenses not otherwise provided for to seven hundred and fifty thousand dollars. This Section of the Constitution became effective September 1, 1851.

SECTION 2 allows the State, in addition to the limited power of Section 1, to contract debts to repel invasion, suppress insurrection, defend the State in war, or to redeem the present outstanding debt of the State. (September 1, 1851). Since 1851 the Constitution, Section 2 Article VIII, has been amended from time to time to allow the issuance of debt for specific purposes and to be retired from specific revenue sources.

SECTION 3 provides that "Except the debts above specified in Sections One and Two of this article, no debt whatever shall hereafter be created by, or on behalf of the State." This Section became effective September 1, 1851.

SECTION 5 generally prohibits the State from assuming the debts of counties, municipalities, townships or of any corporation.

SECTION 17 states that direct obligations of the State may not be issued if the amount required to be applied or set aside in any future fiscal year for payment of debt service on such obligations of the State to be outstanding in accordance with their terms during such future fiscal year would exceed five percent of the total estimated revenues of the State for the General Revenue Fund and from net State lottery proceeds during the fiscal year in which the obligations are to be issued.

COUNTIES

A county is a political subdivision of the State created for political, judicial and administrative purposes. The county is composed of all or parts of townships in the unincorporated areas and all or parts of villages and cities in the incorporated areas. Counties, of which there are 88 in Ohio, are governed by a three-member board of county commissioners, unless altered by an approved county charter. At this time, only Cuyahoga and Summit Counties have adopted a charter form of government.

STATUTORY DIRECT LIMITATION ON THE NET INDEBTEDNESS OF A COUNTY SECTION 133.07

A county may not incur without voter approval, (i) net indebtedness for all purposes in excess of one percent of its tax valuation; or (ii) net indebtedness to pay its share of the cost of the construction, improvement, maintenance, or repair of state highways in excess of one-half of one percent of its tax valuation.

Additionally:

(1) The total net indebtedness (voted and unvoted) of any county with a tax valuation not exceeding one hundred million dollars may not exceed three percent of that valuation;

(2) The total net indebtedness of a county with a tax valuation exceeding one hundred million but not exceeding three hundred million may not exceed three million plus one and one-half percent of that tax valuation in excess of one hundred million dollars; and

(3) The total net indebtedness of a county with a valuation exceeding three hundred million dollars may not exceed six million dollars plus two and one-half percent of that tax valuation exceeding three hundred million dollars.

In calculating the net indebtedness of a county for purposes of this limitation, certain securities excluded in determining the net indebtedness of a subdivision pursuant to Section 133.04 ORC, [see "Determination of Net Indebtedness (Section 133.04 ORC)"] and the following securities of a county are exempt from such debt limitations pursuant to Section 133.07 ORC:

1. Voted (55% majority needed) general obligation subway transportation facility bonds not to exceed one percent of county assessed value and issued pursuant to Section 307.201 ORC;

2. Self-Supporting securities issued for any purpose including, but not limited to: water systems or facilities; sanitary sewer or storm water drainage systems or facilities; county or joint county scrap tire collection, storage, monocell, monofill, or recovery facilities or any combination of those facilities; off-street or on-street parking lots, facilities or buildings or any combination of those facilities; facilities for the care and treatment of the sick or infirm or for housing for persons providing such care and their families; recreational, sports, convention, auditorium, museum, trade show and other public attraction facilities; facilities for natural resources exploration, development, recovery use and sale; and correctional and detention facilities and related rehabilitation facilities;

3. Securities issued for purchasing, constructing, improving or extending water, sanitary, surface and storm sewer systems or facilities or a combination of those systems or facilities, to the extent that an agreement with another subdivision, requires the other subdivision to pay to the County an amount equivalent to the debt service charges on the securities;

4. Voted general obligation securities for permanent improvements for sanitary sewer or water systems or facilities, not exceeding two percent of the county's tax valuation;

5. Securities issued for permanent improvement, to house agencies, departments, boards or commissions of the county or any municipal corporation located, in whole or in part, therein, to the extent revenues from leases or other agreements, other than county property taxes, are sufficient to cover the cost of all operating expenses and debt service on the securities;

6. County revenue securities issued under Section 133.08 ORC;

7. Securities issued for acquiring or constructing roads, highways, bridges, viaducts or other highway improvements, or for maintaining and procuring computer systems for certain county and municipal court clerks to the extent that the authorizing legislation includes a covenant to appropriate moneys distributed to the county from special docket and filing fees for computer purposes or from vehicle license and fuel taxes in an amount sufficient to cover debt charges and financing costs as they become due;

8. Securities issued for acquiring, constructing, improving and equipping a county, multi-county or multi-county-municipal jail, workhouse, juvenile detention facility, or correctional facility;

9. Securities issued for various permanent improvements specified in a sales tax resolution adopted pursuant to Section 5739.026 (D) ORC to the extent the authorizing legislation includes a covenant to appropriate moneys received from that sales and use taxes levied under Section 5739.026 (A)(5) ORC and 5741.023 ORC in an amount

sufficient to pay debt charges on the securities;

10. Securities issued for county or joint county solid or hazardous waste collection, transfer, or disposal facilities, or resource recovery and solid or hazardous waste recycling facilities, or any combination of those facilities;

11. Securities issued for the acquisition, construction, equipping and improving of a port authority educational or cultural facility pursuant to Section 307.671 ORC;

12. Securities issued for the acquisition, construction, equipping and improving of a municipal educational and cultural facility under Section 307.672(B)(1) ORC;

13. Securities issued for energy conservation measures issued under Section 307.041 ORC;

14. Securities issued for acquisition, construction, equipping, improving or repair of a sports facility, including a sports facility under Section 307.673 ORC;

15. Securities issued for recreational facilities under Section 755.17 ORC to the extent the authorizing legislation includes a covenant to appropriate moneys received from sales and use taxes levied under Section 5739.026 (A)(5) ORC and Section 5741.023 ORC in an amount sufficient to pay debt charges on the securities;

16. Sales tax supported bonds issued pursuant to Section 133.081 ORC for acquiring, constructing, improving or equipping any permanent improvement to the extent that the authorizing legislation pledges county sales taxes to the payment of debt service and contains a covenant to appropriate from such taxes a sufficient amount to pay the debt service on the securities as they become due;

17. Bonds or notes issued for the acquisition of agricultural easements under Section 133.60 ORC to the extent the authorizing legislation includes a covenant to appropriate moneys received from sales and use taxes levied under Section 5739.026 (A)(9) ORC and Section 5741.023 ORC in an amount sufficient to pay debt charges on the securities;

18. Securities issued for acquisition of real property by a general health district under Section 3707.55 ORC;

19. Securities issued under Section 331 3.37(A)(3) ORC for the acquisition of real and personal property by an educational service center; and

20. Securities issued for the purpose of paying the costs of acquiring, constructing, reconstructing, renovating, rehabilitating, expanding, adding to, equipping, furnishing, or otherwise improving an arena, convention center, or a combination of an arena and convention center under section 307.695 ORC.

Additionally, in calculating the net indebtedness of a county, obligations incurred for the benefit of a county hospital under Section 339.06 (D) ORC, are not included.

MUNICIPALITIES

Municipal corporations are classified into cities and villages, with those having a population of 5,000 or more, as determined by the regular United States census at a census period (or by a special interim census), or by voter registration at a general election are cities; all others are villages. Application for incorporation of a village is made by petition of 51% of the electors of a territory to the county commissioners. Strict requirements for village incorporation under Section 707.02 ORC, pertaining to population, valuation etc., have been established. Similarly, a territory of at least four square miles meeting certain other requirements may petition the county commissioners for incorporation as a city under Section 707.29 ORC. Under Section 709.43 ORC et seq. existing municipalities and/or unincorporated areas of a township may merge (i.e. annexation one to another).

STATUTORY DIRECT LIMITATIONS ON NET INDEBTEDNESS OF A MUNICIPALITY Section 133.05

Generally, a municipal corporation (i) cannot incur, without voter approval, net indebtedness exceeding five and one-half percent of its tax valuation and (ii) cannot incur net indebtedness (voted and unvoted) exceeding ten and one-half percent of its tax valuation.

In calculating the net indebtedness of a municipal corporation for purposes of these limitations, certain securities excluded in determining the net indebtedness of a subdivision pursuant to Section 133.04 [see "Determination of Net Indebtedness (133.04 ORC)"] and the following securities of a municipality are exempt from such debt limitations pursuant to 133.05 OR

1. Self-supporting securities issued for: water systems or facilities; sanitary sewer and storm water drainage systems or facilities; electric and steam plants and steam or cogeneration facilities and electric or steam distribution systems and lines; airports or landing fields or facilities; railroads, rapid transit and other mass transit systems; on street or off street parking facilities or buildings; facilities for the care and treatment of the sick or infirm and for housing for persons who provide such care or treatment and their families; solid or hazardous waste collection or disposal facilities or resource recovery and solid or hazardous waste recycling facilities urban redevelopment projects; recreational, sport, convention, auditorium, museum, trade show and other public attractions facilities; facilities for natural resource exploration, development, recovery, use and sale ; and correctional and detention facilities, including multi-county-municipal jails, and related rehabilitation facilities;

2. Securities issued for purchasing, constructing, improving or extending water or sanitary or storm water drainage systems or facilities, where by agreement another subdivision pays an amount equivalent to the debt charges;

3. Securities issued for emergency purposes under order of the director of health or the director of environmental protection. These securities are issued under Section 6109.18 ORC;

4. Revenue and mortgage revenue securities issued under Section 3 (for enterprises operated under municipal home rule powers), Section 10 (appropriation in excess of public use), or Section 12 (for public utilities) of Article XVIII of the Constitution;

5. Securities that are not general obligations;

6. Voted securities for urban redevelopment not to exceed two percent of the tax valuation;

7. Unvoted general obligation securities to the extent the authorizing legislation covenants to appropriate annual municipal income taxes or other municipal excises or taxes (other than ad valorem property taxes) in amounts necessary to meet the debt charges and to continue to levy and collect those taxes in amounts sufficient to provide for the payment of debt charges;

8. Self-supporting municipal university residence hall securities issued prior to July 1, 1977 to the extent that revenues of the successor state university from sources other than municipal excises and taxes allocated to debt charges are sufficient;

9. Securities issued for acquiring or constructing roads, highways, bridges or viaducts or for procuring or maintaining computer systems for the clerk of the municipal court to the extent the authorizing legislation includes a covenant to appropriate from moneys distributed to the municipality from motor vehicle license and fuel taxes amounts sufficient to cover the financing costs and debt charges as they come due;

10. Securities issued to provide some or all of the funds required to satisfy the obligation under an agreement with the Board of Trustees of the Ohio police and fire pension fund pursuant to Section 742.30 ORC;

11. Securities issued for the acquisition, construction, equipping and improving a municipal educational and cultural facility under Section 307.672 (B)(2) ORC;

12. Securities issued for energy conservation measures pursuant to Section 717.02 ORC; and

13. Securities issued to pay costs of a sports facility pursuant to Section 307.673 ORC.

In calculating the net indebtedness of a municipal corporation, no obligation incurred by a board of hospital commissioners under Section 749.081 ORC is included.

TOWNSHIPS

The term "township" applies to a certain defined political subdivision organized for the purposes of local self-government, (sometimes called a "Civil Township"), as well as to the unit of the original subdivision of land called an "Original Surveyed Township"; which were subdivided into sections, quarter sections and lots. It is a body politic and corporate for the purpose of enjoying and exercising the rights and privileges conferred upon it by law, and is governed by a three-member board of township trustees. A township usually consists of the unincorporated area lying within its boundaries plus that of any municipal corporation located therein. Where a part of a municipality occupies township area, that part of the municipality is subject to the townships taxing power unless the municipality has withdrawn from the township pursuant to Section 503.07 ORC. Any township which is entirely absorbed by a municipality loses its identity and taxing power. New townships may be designated by the board of county commissioners by taking territory of one or more existing townships of the same county or from territory remaining after exclusion of a municipal corporation when it appears necessary by a petition signed by a majority of the householders residing within the unincorporated area.

LIMITED HOME RULE GOVERNMENT

Under Chapter 504 ORC, a township may adopt a limited home rule government if:

1. the electorate of a township, having a population greater than or equal to 5,000 and less than 15,000 in the unincorporated territory of the township, approves the question of whether the township should adopt limited home rule; or

2. if the township board of trustees of a township having a population greater than or equal to 15,000 in the unincorporated territory of the township:
    a. by unanimous vote adopts a resolution establishing a home rule government; or
    b. by a majority vote elects to submit to the electorate the question of whether the township should adopt limited home rule.

If adopted, the home rule government shall remain in effect for at least three years, except as provided in Section 504.03(B) ORC (Termination of limited home rule government).

STATUTORY DIRECT LIMITATIONS ON NET INDEBTEDNESS OF A TOWNSHIP Section 133.09

A township, other than a township that has adopted limited home rule government, may not incur net indebtedness exceeding five percent of its tax valuation; and except as authorized by Section 505.262 ORC (acquisition of equipment, building and sites and construction of buildings) may not incur any net indebtedness unless authorized by a vote of the electorate. In calculating the net indebtedness of any township for purposes of these limitations, securities issued under Section 513.17(B) (hospital obligations), 505.261 (park lands), 505.264 (energy conservation measures), 505.265 (police and fire pension obligations) and 505.37 (fire apparatus, buildings and site) are exempt from such debt limitations.

A township that has adopted limited home rule form of government pursuant to Chapter 504 ORC, may not incur net indebtedness, voted and unvoted, exceeding an amount equal to ten and one-half percent of its tax valuation, or incur without a vote of the electorate net indebtedness exceeding five and one-half percent of that valuation. Additionally, in calculating the net indebtedness of a township that has adopted limited home rule government the following are exempt from such limitations:

1. Self supporting securities issued for any purpose;
2. Securities issued for the purpose of purchasing, constructing, improving or extending water or sewerage systems or facilities;
3. Securities that are not general obligations of the township;
4. Voted securities issued for the purpose of redevelopment to the extent their principal amount does not exceed two percent of the townships tax valuation;
5. Securities issued for the purpose of acquiring or constructing roads, highways, bridges, or viaducts or for the purpose of acquiring or making other highway permanent improvements, to the extent that the authorizing resolution including a covenant to appropriate from money distributed to the township under Chapters 4501, 4503, 4504 or 5735 ORC amounts sufficient to pay the debt charges and financing on the securities when due; and
6. Securities issued for energy conservation measures under Section 505.264 ORC.

Additionally, obligations incurred under Sections 513.17 (B) [Joint Township Hospital District], 505.261, 505.264, 505.265, 505.267 or 505.37 ORC and obligations incurred in connection with a project undertaken pursuant to section 515.03 of HB 66 of the 126th General Assembly, Section 555.10 of HB 67 of the 127 General Assembly, and Section 755.20 of HB 153 of the 129th General Assembly, are exempt for the debt limitations applicable to townships.

For additional debt that Townships may issue, see:

Debt Issued Under ORC Section	See	Page
504.18	Other Securites Subject to Chapter 133	15
504.20	Other Securites Subject to Chapter 133	15
505.261	Other Securites Subject to Chapter 133	16
505.262	Township Special Obligations	25
505.263	Other Securites Subject to Chapter 133	16
505.264	Township Special Obligations	25
505.265	Other Securites Subject to Chapter 133	17
505.37	Township Special Obligations	25
505.40	Township Special Obligations	25

SCHOOL DISTRICTS

Styling of School Districts in Ohio

Prior to July 1, 1995 all school districts in Ohio, other than city school districts (Section 3311.02 ORC), exempted village school districts (Section 3311.08 ORC), districts then known as county school districts, and joint vocational school districts (Section 3311.18 ORC), were referred to as local school districts (Section 3311.03 ORC). After July 1, 1995 no school districts other than city, local, joint vocational and cooperative education districts (Section 3311.52) may be created. In addition to school districts, educational service centers (similar to the former county districts authorized by Section 3311.05 ORC) may be created after that date.

City School District

The territory within the corporate limits of each city, excluding the territory detached there from for school purposes and including the territory attached thereto for school purposes, constitutes a city school district. When a city is reduced to a village, the city school district becomes a local school district, except if the district included all or part of two or more municipalities whose aggregate population totals 5,000 or more, as determined by the preceding federal census the district may remain a city school district.

Local School District

A local school district is any school district that is not a city school district, exempted village school district, joint vocational school district or cooperative education district.

Exempted Village School District

An exempted village school district is a local school district:

1. having an entire village within its territory with a population of at least 3,000 according to the last federal census; or
2. having an entire village within its territory with a population of at least 2,000 according to the last federal census and a population outside the corporate limits of such village, determined by a special census, sufficient to make the total population of the district 3,000 or more; and
3. by vote of the board of education has "exempted" itself from supervision of the educational service center.

Prior to 1954, when a village became a city, the school by law became a city school district; however, this is no longer true, and many schools in cities are continuing as exempted village or local school districts. Exempted village school districts may become city school districts if the district includes parts or all of two or more municipalities with a combined population of 5,000 or more based on the last federal census, and approved by the state board of education.

Joint Vocational School District

Joint vocational school districts must cover the territory of two or more existing school districts within a county, not necessarily contiguous, and may include school districts in two or more counties. It is governed by its own joint vocational school district board of education. The city, local and exempted village school districts that join the joint vocational district do not lose their separate identity or legal existence.

A joint vocational school district may issue bonds for the purpose of constructing and equipping buildings etc. as any other school district, and is also subject to the same net debt limitations.

Educational Service Center

The territory within a county, or the territory included in a joint educational service center under Section 3311.053 ORC, exclusive of the territory included in any city school district or exempted village school district constitutes an educational service center.

Cooperative Education School District

Pursuant to Section 3311.521 ORC, the boards of education of any two or more contiguous city, exempted village or local school districts may establish a cooperative education school district for the purpose of operating a joint high school instead of each board operating any high school; the territory of such district consisting of all the territory of the school districts belonging to it.

NET INDEBTEDNESS of a SCHOOL DISTRICT
Section 133.06

The net indebtedness of any school district without a vote of the people may never exceed one-tenth of one percent of its tax valuation, except as provided in Section 133.06 (G) ORC, Section 133.06 (H) ORC, Section 133.06 (J) ORC, Section 3313.372 (C) ORC, Section 3318.052 ORC, or Section 3318.44 ORC.

The net indebtedness of any school district, with or without a vote of the people, may never exceed nine percent of its tax valuation except for special needs districts pursuant to Section 133.06 (E) ORC [see "Special Needs Districts" below], in certain emergency situations pursuant to Section 133.06 (F) ORC, and when the indebtedness to be incurred is to raise the school district's portion of the basic project cost and any additional funds necessary to participate with the State in a Classroom Facilities Project pursuant to Chapter 3318 ORC, including amounts necessary for locally funded initiatives required by the Ohio School Facilities Commission, other locally funded initiatives in an amount not exceeding 50% of the school district's share of the basic project cost, and the cost of the site acquisition. Generally, if proposed bonds will make the school district's net indebtedness exceed four percent of tax valuation, the school district must obtain consent of the tax commissioner and the state superintendent of public instruction before such bonds may be placed on the ballot for voter approval under Section 133.06 (C) ORC.

In calculating the net indebtedness of a school district for purposes of this limitation, certain securities excluded in determining the net indebtedness of a subdivision pursuant to Section 133.04 ORC, [see "Determination of Net Indebtedness (133.04 ORC)"] and the following securities of a school district are exempt from such debt limitations pursuant to 133.06 ORC:

1. Securities issued to acquire school buses and other equipment used in transporting pupils;

2. Current tax revenue notes issued pursuant to Section 133.10 (D) ORC;

3. Securities issued for emergency purposes, in a principal amount not exceeding three percent of its tax valuation;

4. To the extent in excess of nine percent of its tax valuation, securities issued by a special needs district [See Special Needs Districts below];

5. Indebtedness resulting from the dissolution of a joint vocational school district under Section 3311.217 ORC;

6. Loans, evidenced by any securities, received under Sections 3313.483 (closing or delaying opening for financial reasons), Section 3317.0210 (uncollectible taxes due to bankruptcy), Section 3317.0211 (uncollected port authority taxes) and Section 3317.64 ORC (emergency school advancement fund);

7. Debt incurred under Section 3313.374 ORC (installment payment for construction and purchase of administrative offices);

8. Debt incurred to acquire computers and related hardware under Section 3313.37 ORC; and

9. Debt incurred by school districts receiving additional assistance for classroom facilities projects [See Classroom Facilities below] pursuant to Section 331 8.042 ORC.

Special Needs Districts

Whenever a school district has need for additional facilities, and cannot obtain sufficient funds within the debt limitations described above, it may seek to qualify as a special needs district. If such district cannot find sufficient funds from state and federal sources and provides the appropriate information under Section 133.06 ORC, the superintendent of public instruction must determine if the potential growth of tax valuation during the next five years is at least one and one-half percent per year. If the superintendent so determines, the district will be known as an "Approved Special Needs District". Such approved district may then incur net indebtedness, after voter approval, equal to twelve percent of the tax valuation plus an amount which results from multiplying such total tax valuation by the percentage by which such total value has increased over the previous sixty months or, if greater, twelve percent of such tax valuation plus an amount which results from multiplying the tax valuation by the percent of estimated growth during the next ten years.

Energy Conservation Debt

Section 133.06 (G) ORC **-** Securities qualifying under this section, issued for energy conservation purposes, may be issued without a vote of the electors in a principal amount not to exceed nine-tenths of one percent of the school district's tax valuation; but the total net indebtedness of the school district without a vote of the electors incurred under this and all other sections of the ORC may not exceed one percent of the school district's tax valuation.

Section 3313.372 ORC (installment payment contracts for purchase of energy conservation measures) - Notes may be issued for installation or modification of an installation in, or remodeling of, a building to reduce energy consumption. The notes may contain an option for prepayment, are not subject to Chapter 133 ORC, and are not included in the calculation of the net indebtedness of a school district under Section 133.06 ORC, but the total net indebtedness of the school district incurred under this and all other sections of the ORC (except for Section 3318.052 ORC) without a vote of the electors may not exceed one percent of the school district’s tax valuation.

Section 3313.373 ORC (shared-savings contract for purchase of energy savings measures) - A board of education of a city, local, exempted village or joint vocational school district may enter into a shared-savings contract; such contract shall also comply with Section 3313.372 ORC.

Debt Issued For Emergency Purposes

A school district may issue securities for emergency purposes, in a principal amount which does not exceed three percent of its tax valuation pursuant to Section 133.06 (F) ORC. The first principal payment of securities under this section may be set at any date not later than sixty months after the earliest principal payment otherwise provided in Section 133.21 (B) ORC.

Unvoted Debt Payable from Tax Incentive Agreements

Pursuant to Section 133.06 (H) ORC, a school district may, with the consent of the superintendent of public instruction, issue unvoted debt with a principal amount exceeding nine-tenths of one percent of its tax valuation for the purpose of paying costs of permanent improvements if the school district treasurer:

1. Estimates that the receipts of the school district from payments made under compensation agreements entered into in connection with a tax incentive program (urban renewal [Section 725.02 ORC], community urban redevelopment corporations [Section 3735.671 ORC] tax increment financing programs by municipalities counties or townships [Sections 5709.40, 5709.041, 5709.73 and 5709.78 ORC] enterprise zone exemptions [Sections 5709.62, 5709.63, 5709.632 ORC] and publicly-owned athletic facility exemptions [Sections 5709.081 and 5709.082 ORC] are sufficient in time and amount to pay debt service on the indebtedness to be issued by the district; and
2. Certifies that the school district reasonably expects to have sufficient revenue to operate the permanent improvements financed. These determinations must be confirmed by the superintendent of public instruction. The maximum maturity of securities issued under this section cannot exceed twenty years or the maximum maturity determined pursuant to Section 133.20 ORC, whichever is less.

Note that is debt authorization conflicts with the restriction found in Sections 133.06(G) and 3313.072(C) ORC that the total net indebtedness of a school district incurred under all sections of the ORC (excluding only Section 3318.052 ORC) without a vote of the electors may not exceed one percent of that school district's tax valuation

Classroom Facilities

Pursuant to Section 133.06(J), a school district whose portion of the project cost of its classroom facilities project under Sections 3318.01 to 3318.20 ORC, is greater or equal to one hundred million dollars may incur, without a vote of the electorate, net indebtedness of an amount up to two percent of its tax valuation through the issuance of general obligation securities, if approved by the state controlling board.

A school district approved for a classroom facilities project may apply the proceeds of a tax levied under Section 5705.21 for general permanent improvements or the proceeds of an income tax levied under Chapter 5748 ORC, if the proceeds of such levies may lawfully be used for: general construction, renovation, repair or maintenance of classroom facilities, in lieu of all or part of the bonds and tax levies otherwise required under Section 3318.05(A), Section 3318.05(B) or Section 3318.05(C) ORC; to leverage bonds to pay all or part of the school district portion under Sections 3318.01 to 3318.20 ORC; or to generate an amount equal to all or part of the proceeds of the tax required under Section 3318.056(B) ORC to be used for maintenance of classroom facilities constructed, renovated, or repaired under such project. Bonds issued under this section are Chapter 133 ORC securities, and the issuance of the bonds is not subject to a vote of the electorate.

Note that is debt authorization conflicts with the restriction found in Sections 133.06(G) and 3313.072(C) ORC that the total net indebtedness of a school district incurred under all sections of the ORC (excluding only Section 3318.052 ORC) without a vote of the electors may not exceed one percent of that school district's tax valuation.

Joint Vocational School District

Under Section 3311.21 ORC the governing body of a joint vocational school district may seek voter approval on a bond issue for the purpose of purchasing a site or enlargement thereof; and for erection and equipping of buildings; or for enlarging, improving or rebuilding thereof. The district may also seek voter approval on a tax levy not to exceed ten years for any or all of the above purposes and for current expenses of the district. (3311.21 ORC) If the levy is for operating purposes only, it may be for a continuing period of time.

LIBRARY DISTRICTS

County Free Public Library

The board of county commissioners of a county where a county free public library has been created pursuant to 3375.06 ORC may levy a tax not to exceed one mill for the purpose of maintaining the library.

Township Library

In a township where a public library has been created by a vote of the electorate prior to September 4, 1947, the board of township trustees may levy a tax not exceeding one mill to maintain such library.

Municipal Free Public Library

Under Section 717.01(K) ORC, a municipality may construct free public libraries, as permitted in Section 3375.121 ORC, the creation of municipal libraries.

School Libraries

The board of education of any city, local or exempted village school district may provide for the establishment, control and maintenance of a library for the purpose of providing library service to the pupils under its jurisdiction. The board may annually levy a tax on the taxable value of the school district not to exceed one and one-fifth mills to provide funds for operation of the library. This tax is in addition to all other levies authorized by law.

County Library Districts

A county library district is a countywide library composed of all local, exempted village and city school districts located in the county, which are not within the territorial boundaries of an existing township, school district, municipal, county district or county free public library district. County library districts may also be created by approval of the voters within the proposed district, at the initiation of the board of county commissioners or by petition. A county library district may also be created pursuant to a request by the board of trustees of the various libraries in the county and approval of that request by the subdivisions involved. The board of county commissioners of any county which has a county library district constitutes the taxing authority of the district and may issue notes and bonds, but only after a vote of the district's electors.

Regional Library District

The board of county commissioners of two or more contiguous counties may create a regional library district and provide for the establishment, control and maintenance of the district. The district includes the territory of all school districts of such counties outside the territory of a subdivision or district maintaining a free public library, including the territory of any such subdivision or district maintaining a free public library. The boards of county commissioners may levy an annual tax on the taxable value in their respective county not to exceed one mill for the purpose of providing funds for library operation.

Regional Library System

Public libraries in two or more counties, or four or more libraries, including two or more library types, within a metropolitan area may form a regional library system as allowed in Section 3375.90 ORC.

Contract for Library Services

The board of county commissioners of any county, the board of education of any city, exempted village or local school district, the legislative authority of any municipal corporation or the board of township trustees of any township may contract, pursuant to 3375.42 ORC, with the board of library trustees of any public library or with any private corporation or library association maintaining a free public library within or without the taxing district, to furnish library services to all the inhabitants of the taxing district.

Issuance of Bonds

Section 3375.43 ORC, allows the board of trustees of any public library to request the taxing authority of the political subdivision, the jurisdiction of which such board is subject, to submit to the electors of the subdivision the question of issuing bonds for such library. Such bonds, if approved, would be issued by such political subdivision and would become part of the indebtedness of such subdivision and would be subject to the debt limitations imposed on such subdivision. If the library includes a municipal corporation, the municipal corporation may issue revenue bonds secured by a voted operating levy for the library.

Issuance of Bonds for Libraries by Boards of Education

The board of education of a city, local or exempted village school district that does not have a board of library trustees may issue bonds in accordance with Chapter 133 ORC, without regard to Section 3375.43 ORC, for the purpose of purchasing, erecting, constructing, enlarging, improving, equipping, and furnishing library facilities and acquiring real estate and interest therefore, to be operated by the board of trustees of any free public library pursuant to Section 3375.18 ORC.

COMMUNITY COLLEGE DISTRICTS

Community College District Section 3354.02

A community college district is a political subdivision of the State, a body corporate with all the powers of a corporation, comprised of the territory of one or more contiguous counties having an aggregate population of not less than 75,000, and organized for the purpose of establishing, owning and operating a community college within the territory of such district. It may be created by the board(s) of county commissioners or by the filing of a petition and the holding of an election; but in either case it must also be approved by the Chancellor of the Ohio Board of Regents. A state community college district may, by order of the Chancellor of the Board of Regents, have its charter amended to change it to a community college district under Section 3358.02(D) ORC. A community college district is governed by a nine member board of trustees, six appointed by the county(s) and three by the Governor.

Section 3354.11 ORC authorizes the board of trustees of a community college district to submit the question of issuing bonds to the district's electorate for the purpose of paying all or part of the cost of purchasing sites and for the erecting, furnishing, and the equipping of buildings and for the acquisition or construction of any property which the district is authorized to acquire or construct. The bonds may be issued for one or more improvements and notes may be issued in anticipation of such bonds as provided in Section 133.22 ORC.

Section 3354.12 ORC authorizes the board of trustees of a community college district to issue tax anticipation notes in anticipation of a portion of the proceeds of a voted tax levy for permanent improvements. Such notes may not be issued for a period longer than ten years, and the principal of notes maturing in any calendar year may not exceed seventy-five percent of the proceeds of the levy to be received in that year.

Section 3354.1 21 ORC permits a board of trustees of a community college district to acquire auxiliary facilities or education facilities, except housing and dining facilities, and may pay for the facilities out of available receipts. To pay for all or part of the incurred costs the district may issue revenue bonds subject to Section 3345.12 ORC. The obligations authorized by this section are not bonded indebtedness of the district and the payment thereof is solely from the available receipts and funds pledged for such payment as authorized in Section 3345.12 ORC.

FIRE DISTRICTS AND JOINT FIRE DISTRICTS

Fire District and Joint Fire District Section 505.37 et. seq.

The board of trustees of any township may create a fire district of such portions of the township as it deems necessary under Section 505.37 ORC; or the boards of any one or more townships and the legislative authorities of one or more municipalities may create a joint fire district under Section 505.371 ORC for the purchase, maintenance, use and operation of fire-fighting equipment, or for any other purpose designated in Sections 505.37 to 505.42 ORC.

The board of township trustees, board of fire district trustees, or the legislative authority of any municipal corporation pursuant to Section 505.37 (D) ORC may purchase necessary fire-fighting equipment, building and sites and issue securities for that purpose with maximum maturities as provided in Section 133.20 ORC. They may also construct any buildings necessary to house such equipment and issue securities for that purpose with maximum maturities as provided in Section 133.20 ORC. Securities may be issued to cover such deferred payments, and although such securities are considered unvoted general obligations of the issuer, such securities are not subject to Chapter 133 ORC. Such securities may be offered for sale on the open market or given to the vendor or contractor if no sale is made.

Section 505.40 ORC, states that, unless approved by a vote of the electorate of a township or fire district, no bonds may be issued by the board of township trustees for the purposes of fire apparatus and appliances, buildings or sites therefore or water supply and materials therefore, or for the establishment and maintenance of lines of fire-alarm telegraph, or for the payment of permanent part-time, or volunteer fire-fighting companies to operate such equipment. In no event can the bonds be issued in an amount exceeding the greater of one hundred fifty thousand dollars or two percent of the tax valuation. The district or joint district may submit to the voters a levy for fire prevention purposes in excess of the ten mill tax limitation.

The board of trustees of a fire district organized under Section 505.37 (C) ORC, pursuant to Chapter 133 ORC, may issue bonds for the purpose of acquiring fire-fighting equipment, building and sites for the district or for the purpose of constructing or improving buildings to house fire-fighting equipment.

JOINT TOWNSHIP HOSPITAL DISTRICTS

Joint Township Hospital District Section 513.07

The board of township trustees of any two or more contiguous townships, not necessarily in the same county, may form a joint township hospital district for the purpose of establishing, constructing and maintaining a general hospital or other hospital facilities. In the formation of the district, that portion of a township lying within the corporate limits of a municipal corporation may be excluded. A municipal corporation may participate in the formation of the district if it is contiguous to the district, and a municipal corporation whose limits become identical with those of a township may continue to participate as the township in the district.

Section 513.12 ORC allows the taxing authority of a joint township district hospital board the authority to issue bonds to the extent and in the amount authorized by a vote of the electorate of the district; such bonds being issued as provided by Chapter 133 ORC.

Section 513.13 ORC allows a tax to be levied for the operation of hospital facilities or for costs of hospital facilities or current operating expenses of the facilities. Such levy may not exceed one mill, the term may not exceed five years and the levy is outside the ten-mill limitation, meaning that the levy must be submitted to and approved by the electorate of the district.

CONSERVANCY DISTRICTS

Conservancy District Section 6101.

A conservancy district is comprised of any area or areas situated in one or more counties, and organized for any of the following purposes:

1. Preventing floods;
2. Regulating stream channels by changing widening and deepening the stream channels;
3. Reclaiming or filling wet and overflowed lands;
4. Providing for irrigation;
5. Regulating the flow of streams and conserving their waters;
6. Diverting or eliminating watercourses;
7. Providing a water supply for domestic, industrial and public use;
8. Providing for the collection and disposal of sewage and other liquid wastes; and
9. Arresting erosion along the Lake Erie shoreline.

Proceedings for the formation of the conservancy district are initiated by the filing of a petition with the court of common pleas in one of the counties containing territory within the proposed district, signed by 500 residents, or signed by a majority of the residents or signed by the owners of more than half the property, either by acreage or value within the proposed district. The court of common pleas for the conservancy district is comprised of a judge of the court of common pleas for each county included in whole or in part in the conservancy district. This court, within thirty days of entering the decree incorporating the district, appoints a three member board of directors. The board of directors of a conservancy district first approves an official plan setting forth the facilities to be constructed by the district which is in turn approved by the Environmental Protection Agency and the special conservancy court. A board of appraisers then appraises the benefits to all properties and public corporations by the proposed improvement which appraisal of benefits must be approved by the special conservancy court. To finance the preliminary work, the board of directors may levy an assessment under Section 6101.45 ORC and issue notes pursuant to Section 6101.46 ORC in anticipation of up to 75% of such assessments.

Following the approval, the board of directors may levy assessments up to the amount of the appraisal of benefits.

Once the final assessments have been completed and the thirty day cash payment period has expired, the district may issue bonds pursuant to Section 6101.50 ORC, not to exceed ninety percent of the unpaid assessments and not exceeding thirty years in life. Notes may be issued in anticipation of those bonds. The additional ten percent of unpaid assessments not anticipated by the issuance of debt is retained as a reserve fund to protect marketability since the bonds or notes are not backed by a levy of taxes by the district. In addition, the board may levy a maintenance assessment on benefited properties and public corporations.

Conservancy districts, pursuant to Section 6101.25 ORC, may also construct, improve, maintain and protect parks, parkways, forest preserves, bathing beaches, playgrounds and other recreational facilities and impose and collect charges for their use and maintenance. If the revenues derived from these purposes is insufficient for the purposes described in this section, the board may provide for the payment of obligations incurred under this section by the levy of special assessments upon public corporations having lands within the district; however, in no case may the principal and interest on obligations incurred under this section be paid from the proceeds of special assessments levied under Sections 6101.48 or 6101.53 ORC.

A conservancy district, or subdistrict, may issue revenue bonds under Section 6101.501 ORC to pay all or part of the cost of acquiring or constructing any authorized improvement. The bonds are not general obligations, but are secured only by a pledge of and lien on such portion of the revenues derived from fees, rates and charges for the use of any facilities or services of the district or subdistrict, after operation and maintenance expenses as the board determines. These revenue bonds are restricted to a forty year maximum maturity and may be refunded.

PARK DISTRICTS

Park District Section 1545.01

A park district may be created within a county to include all or part of such county with the boundary lines of such district being drawn so as to not divide any existing townships or municipal corporations within such county. Such districts are created upon application to the probate judge of the county, which must be signed by a majority of the electors within such area, by a resolution adopted by the board of county commissioners or by the legislative authority of any township or municipal corporation located within such district. The district is governed by a court-appointed three member board of park commissioners whose members serve three-year terms. The board may appoint a treasurer to act as custodian of the board's funds and as fiscal officer for the park district.

A park district may levy taxes of up to one-half of one mill on all taxable property in the district, subject to the ten-mill tax limitation. Following the levy of such taxes, the board of park commissioners may issue tax anticipation notes, with a maturity of one year or less, in an amount of up to fifty percent of the proceeds of such tax.

The board of park commissioners may also submit to the electors of the district the question of levying taxes in an amount not to exceed two mills annually, unless the purpose of the levy includes providing operating revenues for one of Ohio's major metropolitan zoos, as defined in Section 4503.74 ORC, in which case the rate shall not exceed three mills annually. If approved, the board of park commissioners may issue securities, not in excess of one percent of the district's tax valuation, in anticipation of such voted levy, but only for the purpose of acquiring and improving lands.

Also, pursuant to Section 1545.24 ORC, the board may issue bonds pursuant to Chapter 133 ORC for acquiring and improving lands, pledging as security for the payment of debt service on such bonds revenue and receipts from concessions, licenses and permits. The taxing power or credit of the district is not pledged as security for such bonds; therefore, the bonds are not deemed an indebtedness of the district.

For certain improvements the board may assess up to fifty percent of the costs of such improvements to specifically benefited lands, and the board may issue bonds in anticipation of such assessments under Section 1545.18 ORC.

The board also has the authority, in addition to the issuance of notes in anticipation of voted levies, to issue unvoted one year tax anticipation notes for current expenses and debt charges under Section 1545.211 ORC. The principal amount of such notes must not exceed the amount of estimated receipts for the current tax year, less all advances.

PORT AUTHORITIES

Port Authority Sections 4582.02 ORC and 4582.22

A port authority is a body corporate and politic governed by a board of directors and includes all the territory of the political subdivision(s) creating it.

Section 4582.02 ORC and Section 4582.22 authorizes any municipal corporation, township, county or any combination thereof, none of which was included in a port authority on December 16, 1964, to create a port authority.

The following sections of the ORC apply exclusively to port authorities in existence on July 9, 1982, unless such port authority adopts a resolution to permit it to operate under Sections 4582.21 to 4582.59 ORC.

> **Section 4582.06(A)(3)** ORC allows the board of directors of a port authority created under Section 4582.02 ORC to issue bonds or notes for the acquisition, construction, furnishing, or equipping of any real or personal property under Chapter 133. ORC, except that the bonds or notes only may be issued pursuant to a vote of the electors residing within the territory of the port authority. The net indebtedness incurred by a port authority may not exceed two per cent of the tax valuation of all property within the territory comprising the authority.

Section 4582.06(A)(4) ORC allows the board of directors of a port authority created under Section 4582.02 ORC to issue revenue bonds, beyond the limit of bonded indebtedness provided by law, for the acquisition, construction, furnishing or equipping of any real or personal property. Such bonds are secured solely by a pledge of, and a lien on the revenues of the port authority derived from those loan payments, rentals, fees, charges or other revenues so designated for that purpose, and mature within forty-five years following their date of issuance.

Section 4582.14 ORC allows the board of directors of a port authority created under Section 4582.02 ORC to levy a tax if approved by the majority of the electorate of the port authority, for all purposes, including debt service charges, not in excess of one mill annually on the taxable value and for a period not exceeding five years (except taxes for the payment of debt service charges, in which case the tax is levied for the life of the indebtedness). The port authority may borrow money in anticipation of the collection of current revenues as provided in Section 133.10 ORC.

The following sections of the ORC apply exclusively to port authorities created after July 9, 1982, and those port authorities adopting a resolution to permit it to operate under Sections 4582.21 to 4582.59 ORC.

Section 4582.31(A)(7) ORC allows the board of directors of a port authority created under Section 4582.02 ORC to issue bonds or notes for the acquisition, construction, furnishing, or equipping of any real or personal property under Chapter 133. ORC, except that the bonds or notes only may be issued pursuant to a vote of the electors residing within the territory of the port authority. The net indebtedness incurred by a port authority may not exceed two per cent of the tax valuation of all property within the territory comprising the authority.

Section 4582.40 ORC allows the board of directors of a port authority created under Section 4582.22 ORC to levy a tax if approved by the majority of the electorate of the port authority, for all purposes, including debt service charges, not in excess of one mill annually on the taxable value and for a period not exceeding five years (except taxes for the payment of debt service charges in which case the tax is levied for the life of the indebtedness. The port authority may borrow money in anticipation of the collection of current revenues as provided in Section 133.10 ORC.

Section 4582.401 ORC allows the board of directors of a port authority created by a municipality and located within an existing port authority created by a county to levy a tax under Section 4582.40 ORC if the existing county port authority has no such tax in effect.

Section 4582.48 ORC allows the board of directors of a port authority created under Section 4582.22 ORC to issue revenue bonds for paying the cost of one or more port authority facilities or parts thereof. Such bonds are special obligations of the port authority payable out of the revenues of the port authority that are pledged for such payment. The final maturity of the debt and any renewals cannot exceed five years; and the final maturity of any revenue bonds cannot exceed forty-five years from the date of issuance. Debt issued under this section need not comply with any other law applicable to the issuance of bonds or notes; and do not constitute a debt or a pledge of the faith and credit of the state or any political subdivision of the state.

SANITARY DISTRICTS

Sanitary Districts Section 6115.04

Sanitary districts may be established after the filing of a proper petition, signed by five hundred residents, or by a majority of residents or by the owners of more than half of the property, in either acreage or value, within the limits of the proposed district to the court of common pleas or a special multi-county court, if the territory is not confined to a single county. Such territory shall include all or parts of two or more subdivisions, not necessarily contiguous or in the same county. The sanitary district may be established for any of the following purposes:

1. Prevent and correct stream pollution;
2. Clean and improve stream channels for sanitary purposes;
3. Regulate the flow of streams for sanitary purposes;
4. Provide for the collection and disposal of sewage and other liquid waste;
5. Provide a water supply, construct reservoirs, trunk sewers, intercepting sewers, etc.;
6. Reduce populations of biting arthropods and abate their breeding places, etc.;
7. Collect and dispose of garbage; or
8. Collect and dispose of any other refuse that may become a health menace.

The district is governed by a court-appointed director, (one county) or board of directors (one director from each county).

Section 6115.46 et seq. ORC allows the levy of a tax levy upon the property of the district not to exceed three-tenths of a mill on the assessed valuation thereof for the purpose of paying expenses of organization and preliminary work which may be necessary up to the time money is received from the sale of bonds or otherwise. In order to facilitate the preliminary work, the board of directors of a sanitary district may borrow money at a rate of interest not exceeding six per cent per annum payable from such preliminary tax.

Section 6115.48 et seq. ORC allows the levy of assessments to acquire, construct, rehabilitate, furnish and equip real and personal property.

Section 6115.50(A) ORC authorizes the issuance of bonds in an amount not exceeding ninety percent of any unpaid assessments. The remaining ten percent of the unpaid assessments constitutes a contingent account.

Section 6115.50(B) ORC authorizes the board of directors of a sanitary district, upon determination that such debt is necessary, to:

1. Issue bonds to fund or refund any outstanding revenue or other special obligation securities previously issued for permanent improvements authorized by law or the Constitution. Debt service charges on the bonds are paid in a manner consistent with 133.21 ORC, but the last maturity of such bonds cannot be later than thirty years from the original date of issuance.
2. Issue revenue bonds to fund or refund any outstanding bonds previously issued; and
3. Issue bonds pursuant to this section to fund or refund outstanding bonds issued in one or more issues for any purpose or purposes. Section 133.21 ORC is not applicable to these refunding securities; but the last maturity of these refunding securities cannot be later than the last year of maturity permitted by law for the bonds refunded.

REGIONAL WATER AND SEWER DISTRICTS

Regional Water and Sewer District Section 6119.01

Regional water and sewer districts may be created to supply water to users within and outside the district and/or to provide for the collection, treatment and disposal of waste water within and outside the district. The district can include any area situated in any unincorporated part of one or more contiguous counties, or in one or more municipal corporations or both. Proceedings for the organization of such districts can be initiated only by petition to the common pleas court of one of the counties, signed by one or more of the municipal corporations, counties or townships. The district is governed by a board of trustees whose selection, number, term and compensation must be outlined in the original petition.

A regional water and sewer district may issue water resource revenue bonds and notes under Section 6119.12 ORC for the purpose of paying any part of the cost of one or more water resource projects or parts thereof. The resource revenue bonds are payable solely out of the revenues of the district which may include special assessments. Bonds issued under this section have a maximum maturity of forty years and notes, five years. Additionally securities issued under this section need not comply with any other law applicable to the issuance of bonds or notes.

The board of trustees may, pursuant to Section 6119.17 ORC, submit to the electorate of the district the question of issuing bonds and the levy of a tax outside the ten-mill limitation for the payment of their debt service. The bonds may be issued to pay any portion of the cost of one or more water resource projects or part thereof, and may include any portion of the cost of water resource projects to be paid from special assessments. Notes may be issued in anticipation of such bonds.

Pursuant to Section 6119.18 ORC the board of trustees may ask the electors for a tax levy, not to exceed ten years, to pay current expenses, or to pay the expenses of one or more water resource projects or for both purposes. If approved, the board of trustees may issue anticipation notes, with a maximum maturity of five years, and the total amount issued cannot exceed fifty percent of the estimated proceeds of such levy for the next five years. In addition, the amount maturing in any year may not exceed fifty percent of the estimated proceeds of the levy to be collected in that year.

REGIONAL TRANSIT AUTHORITIES

Regional Transit Authority Section 306.32

Any county(s), municipal corporation(s), township(s) or any combination thereof may create a regional transit authority for any of the following reasons: acquiring, constructing, operating, maintaining, replacing, improving and extending transit facilities; controlling and administering the public utilities franchise of such transit facilities; entering into and supervising franchise agreements; accepting assignment of and then supervising an existing franchise agreement; and accepting assignment of and exercising a right to purchase a transit system. The authority is governed by a board of trustees appointed by the participating subdivisions in numbers, compensation and terms as established by the creating legislation.

The board of trustees of a regional transit authority may issue revenue bonds pursuant to Section 306.37 ORC to acquire by purchase or to construct, replace, improve, extend, enlarge, maintain or operate any transit facility. Such bonds are not secured by the general credit of the authority, the State or any political subdivision; but are secured only by a pledge of and a lien on the revenues derived from rentals, fees, rates or charges, the authority's allocation of a county sales tax under Section 5739.026 (2) ORC or other revenues. The bonds must mature no later than forty years following their date of issuance and may be called.

General Obligation Bonds Section 306.40

The board of trustees of a regional transit authority may submit to the electors the question of issuing general obligation bonds and levying a tax outside the ten-mill tax limitation, to purchase, acquire, construct, replace, improve, extend and enlarge any transit facility; or to make an indemnification payment as provided in 306.35(AA) ORC; or to pay a final judgment(s) rendered against the authority. The total net indebtedness of the authority cannot exceed five percent of its assessed value. Notes may be issued in anticipation of such bonds.

The authority may also issue bonds and notes without a vote of the electors, provided the fiscal officer certifies that the estimated revenues of the authority, other than ad valorem taxes and after meeting operational costs, are sufficient to pay the principal of and interest on such proposed issue. The maximum aggregate amount of principal and interest payable in any one calendar year on these unvoted issues may not exceed one tenth of one percent of the total assessed value of the authority. To the extent revenues of the system, other than ad valorem taxes on property, after operation and maintenance expenses of facilities and any moneys required for principal and interest payments on any revenue bonds, are sufficient to pay principal and interest on the unvoted debt, such unvoted issue will be excluded from the five percent direct debt limitation. These unvoted bonds would, however, be included in the calculation of the indirect debt limitation.

Section 306.49 Tax Levy

Upon the approval by a majority of the electorate a regional transit authority may levy a tax not in excess of five mills annually on the total value of the authority's taxable value for all purposes other than bond debt service charges. Notes may be issued in anticipation of the collection of the proceeds of such levy in an amount not to exceed seventy-five percent of the estimated proceeds of the levy to be collected after the date of issuance. Such notes are issued in accordance with 133.24 ORC and may have a principal maturity in their year of issuance.

JOINT AMBULANCE DISTRICTS

Joint Ambulance District Section 505.71

The boards of township trustees of one or more townships and the legislative authorities of one or more municipalities within or adjoining such townships, or the legislative authorities of two or more municipalities may create a joint ambulance district. Such district is governed by a board of trustees composed of one representative of each township or municipality.

The board of trustees may levy taxes subject to Chapter 5705 ORC and issue securities subject to Chapter 133 ORC, after submitting the question to the electors of the district, to purchase, lease, maintain and use all materials, equipment, vehicles, buildings and land necessary to perform its duties. The district may borrow money in anticipation of the collection of such taxes or current revenues as provided in Section 133.10 ORC.

JOINT RECREATION DISTRICTS

Joint Recreation District Section 755.14

The legislative bodies of municipalities, townships, township park districts, counties and school districts may join together to operate and maintain recreation facilities, and may establish a joint recreation board which may possess all the powers and responsibilities of the respective authorities under Sections 755.12 to 755.18 ORC. The number of members and the method of appointment of the board must be specified in the creating resolution. Such legislative authorities may also establish a joint recreation district consisting of all of the territory of the subdivisions so joined.

Section 755.17 Issuance of Bonds

A board of trustees of a joint recreation district may issue bonds, or anticipatory notes, pursuant to Chapter 133 ORC for the purpose of acquiring lands or buildings, or extending, enlarging or improving existing lands, facilities or buildings for parks, playgrounds, playfields, gymnasiums, swimming pools, public baths, indoor recreation centers, or community centers, and for the equipment thereof. Under Section 755.171 ORC, for the purpose of paying debt service on such securities, the board of county commissioners of a county that is joined in a joint recreation district may pledge and contribute revenues from a sales or use tax under Sections 5739.026 (A)(5) and 5741.023 ORC.

Section 755.18 ORC allows the board of trustees of a joint recreation district to levy a voter approved tax, to acquire, maintain and operate recreational facilities and community centers.

Section 5705.198 ORC allows anticipation notes to be issued by a joint recreation district. See Page 19.

DISTRICTS FOR JUVENILE DELINQUENT REHABILITATION

District for Juvenile Delinquent Rehabilitation Section 2151.65

Upon the recommendation of the juvenile judges of two or more adjoining or neighboring counties, the boards of county commissioners of such counties may form a joint board and organize a district for the establishment and support of a school, forestry camp or other facilities for the use of the juvenile courts of such counties where delinquent, dependent, abused, unruly or neglected children, or juvenile traffic offenders may be held for treatment, training and rehabilitation. After organization of the joint board, such board then appoints a board of not less than five trustees which serves until the first annual meeting after the choice of an established site and buildings or after purchase of a building site. At that time the joint board will appoint a new board of not less than five members for staggered terms of up to five years. The choice of an established site or purchase of a site and buildings is vested in the joint board of county commissioners unless delegated in whole or in part to the initial board of trustees.

General Obligation Securities

Pursuant to Section 2151.655 ORC, any county in the district may issue general obligation bonds under Chapter 133 ORC to pay their portion of the costs of (i) acquiring schools, detention facilities, forestry camps or other facilities under 2152.41 ORC, or (ii) of acquiring sites for and constructing, enlarging or otherwise improving such facilities. Additionally, the taxing authority of a detention facility district, or a district organized under Section 2151.65 ORC, may, pursuant to Section 133.18 ORC, submit to the electors within the district's boundaries the question of issuing general obligation bonds to pay the cost of acquiring, constructing, enlarging or otherwise improving sites buildings and facilities.

Section 2151.66 ORC directs the joint board of county commissioners of facilities created under 2151.65 ORC to make annual assessments of taxes sufficient to support and defray all necessary expenses of these facilities.

TOWNSHIP POLICE DISTRICTS OR JOINT TOWNSHIP POLICE DISTRICTS

Township Police Districts Section 505.48

The board of township trustees may, by resolution, create a township police district containing all or a portion of the unincorporated territory of the township. Pursuant to Section 505.481 ORC the boards of township trustees of any two or more contiguous townships, whether or not within the same county, may form a joint township police district. The joint township police board may exercise the same powers as granted to a board of township trustees in the operation of a township police district. Such boards may purchase or otherwise acquire any police apparatus, equipment, including a public communications system, or materials that the district requires; and may build, purchase or lease any building(s) and site thereon that are necessary for the operations of the district.

Tax Levy Section 505.51

The board of trustees of a police, or joint police, district may levy a tax, if approved by the electorate, upon the taxable property in the district, pursuant to Sections 5705.19 and 5705.25 ORC, to pay all or a portion of the expenses of the district in providing police protection. The district may borrow money in anticipation of the collection of such taxes or current revenues as provided in Section 133.10 ORC.

Issuance of Bonds - Section 505.52

The board of trustees of a police, or joint police, district may issue unlimited tax (voted) bonds for the purpose of purchasing police equipment pursuant to Section 133.18 and Chapter 133 ORC.

Issuance of Notes - Section 505.53

The board of trustees of a police, or joint police, district may issue notes not to exceed three years for purchasing police equipment or a building or a site to house such equipment. One-third of the purchase must be paid at the time of purchase, while the reminder must be covered by notes maturing in two and three years respectively. Such notes are not subject to statutory debt limitations, but are subject to the indirect debt limitation.

SOLID WASTE MANAGEMENT DISTRICTS

Solid Waste Management District Section 343.01

The board of county commissioners of each county in Ohio must either establish a county solid waste management district consisting of all the territory within the county; or establish with one or more other counties a joint solid waste management district. A district must have a population of at least one hundred twenty thousand, unless excepted under Section 3734.52 (C)(1) or Section 3734.52 (C)(2) ORC. If a municipality is located in more than one district it will be included in its entirety in the district in which a majority of its population resides. The board of directors of the joint district consists of the boards of county commissioners of the counties establishing the joint district.

Issuance of Bonds Section 343.01 (F)

The board of county commissioners may issue bonds or bond anticipation notes of the county; or the board of directors of a joint solid waste management district may issue bonds or bond anticipation notes of the district to pay the cost of preparing general and detailed plans and other data required for the construction of solid waste facilities. The securities must be issued in accordance with Chapter 133 ORC, except that any bonds so issued can have a maximum maturity of ten years.

Payment of Cost of Improvement Section 343.07

A board of county commissioners may issue bonds of the county under Chapter 133 ORC for the purpose of paying a part or all the cost of acquisition, enlargement, modification or repair of any improvement provided for in Chapter 343 ORC in connection with a county or joint solid waste management district. The bonds must mature no later than forty years from the date of issuance and must mature in substantially equal annual installments beginning no later than five years from such date. The bonds may be payable solely from the revenues of the improvement, or may be issued as general obligation securities payable primarily from net revenues of the facilities and secondarily from taxes to be levied upon all the taxable property in the county. These bonds are subject to the direct and indirect debt limitations of the county.

The board of directors of a joint solid waste management district may issue voter-approved bonds to pay that part of the costs of an improvement to be borne by the district. Such bonds would be payable from taxes levied on all taxable property within the district, but also the board may pledge the revenues derived from the improvement for payment of interest and principal.

Regional Solid Waste Management Authority - Section 343.011

The board of county commissioners of a county or the board of directors of a joint solid waste management district may, on its own initiative or at the request of the legislative authority of any municipal corporation or township located within the district, create a regional solid waste management authority for the purpose of executing all of the duties and responsibilities imposed upon or granted to the county commissioners or the directors of a joint waste management district under Chapter 343 ORC.

REGIONAL AIRPORT AUTHORITIES

Regional Airport Authority Section 308.01

Any two or more contiguous or any single county may create a regional airport authority for the purpose of acquiring, constructing, operating and maintaining airports and airport facilities. The authority is governed by a board of trustees; the number, term, compensation, if any, and manner of election contained in the resolution.

Revenue Bonds Section 308.08 et seq.

The board of trustees of a regional airport authority may issue revenue bonds to acquire by purchase or otherwise, or proposes to construct, replace, extend, enlarge, maintain or operate any airport or airport facility. Such bonds are secured by a pledge of and a lien on the revenues of the regional airport authority derived from rentals, fees, charges, or other revenues from any airport or airport facility of the authority; but not limited to the airport or airport facility to be acquired, constructed, replaced, extended, enlarged, or maintained, with the proceeds of said bond issue, after provision only for the reasonable cost of operating, maintaining, and repairing the airport or airport facility of the authority. The bonds must mature not later than forty years after the date of issuance.

CONVENTION FACILITIES AUTHORITIES

Convention Facilities Authority Section 351.02

A county may create a convention facilities authority; however, a county cannot create more than one such authority. The authority is governed by an eleven member board of directors; six appointed by the county commissioners, three appointed by the mayor of the municipal corporation having the greatest population residing within the authority; and two appointed by agreement of the mayors of the remaining municipalities located within the county.

Levy of Excise Taxes on Lodging Transactions Section 351 .021 ORC

The resolution of the county commissioners creating the authority may authorize the authority to levy excise taxes to pay the cost of one or more facilities; to pay principal, interest, and premium on convention facilities authority tax anticipation bonds issued to pay those costs; to pay the operating costs of the authority; to pay operating and maintenance costs of those facilities; and to pay the costs of administering the excise tax. However, the Authority must have levied such excise tax by a resolution adopted on or before December 31, 1988.

County, Municipal and Township Lodging Taxes 5739.09 ORC

For the purpose of making payments authorized by Section 307.695(C) ORC, to construct and equip a convention center in the county and to cover the costs of administering the tax, a board of county commissioners of a county where a tax imposed under Section 5739.09 (A)(1) ORC, by resolution adopted within ninety days after July 15, 1985, levy an additional excise tax, not to exceed three percent.

Tax Levy on Alcoholic Beverages and Cigarettes 351.26 ORC

The board of directors of a convention facilities authority may request the board of county commissioners to propose the levy of a tax on to pay the costs of constructing or renovating a sports facility. Any such tax must have been first levied prior to September 23, 2008.

Issuance of Bonds or Notes 351.14

The board of directors of a convention facilities authority may issue revenue bonds and notes for the purpose of paying the cost of one or more facilities or parts thereof. Notes, or any such renewals thereof, may not mature later than twenty years after the date of issuance of the original notes; and bonds or refunding bonds must mature not later than forty years after the date of issuance. Such bonds and notes are payable from revenues which are generally the rentals and other charges received by the convention facilities authority for the use or services of any facility, the sale of any merchandise, or the operation of any concessions; any gift or grant received with respect to any facility, and any moneys received with respect to the lease, sublease, sale, including installment sale or conditional sale, or other disposition of a facility or part thereof.

Agreement to Construct Convention Center Section 307.695

A board of county commissioners may enter into an agreement with a convention and visitors bureau under which the bureau agrees to construct and equip a convention center in such county and to pledge and contribute from the tax revenues received under Section 5739.09 (C) ORC; and the board agrees to levy a tax under Section 5739.09 (C) ORC and pledge and contribute the revenues there from for the convention center.

Anticipation Bonds and Notes Section 351 .141

An authority that levies: one or both of the excise taxes authorized in Section 351.021 ORC, or that receives contributions pursuant to 5739.09 (A) ORC, may anticipate the proceeds of the levy and issue convention facilities authority tax anticipation bonds and notes anticipating the proceeds of the bonds, in the principal amount necessary for the purpose of paying the cost of one or more facilities or parts of one or more facility. Such bonds shall mature not more than forty years from the date of the original bonds or notes.

Source of Payment Section 351.18

Convention facilities authority bonds and notes do not constitute a debt, or a pledge of the faith and credit of the state or any political subdivision of the state; are payable solely from the revenues and excise taxes pledged for their payment; and are not included in the calculation of the indirect debt limitation.

TOWNSHIP CEMETERY DISTRICTS OR JOINT TOWNSHIP CEMETERY DISTRICTS

Township Cemetery or Joint Cemetery District Section 517.14

The boards of township trustees, when a public cemetery is located on or near a township line, take joint possession thereof and care for and keep it in repair. Two or more townships may join in establishing and maintaining a cemetery for the same purpose, and have the same powers as provided for municipalities and townships uniting for that purpose under Sections 759.27 to 759.49 ORC.

Tax Levy and Bond Issue Section 517.19

The board of township trustees may levy a tax, not exceeding five mills on the taxable property of the township for erecting permanent buildings upon the cemetery grounds. In anticipation of such receipts, the board of trustees may issue bonds.

NEW COMMUNITY AUTHORITIES

New Community Authority Section 349.03

A new community authority is a body corporate and politic, established pursuant to Section 349.03 ORC, for the purpose of implementing a program for the development of a new community, "characterized by well-balanced and diversified land use patterns and which includes land acquisition and land development, the acquisition, construction, operation, and maintenance of community facilities, and the provision of services." (Section 349.01 (B) ORC). A "new community" is a community or an addition to an existing community planned pursuant to Chapter 349 ORC "so that it includes facilities for the conduct of industrial, commercial, residential, cultural, educational, and recreational activities, and is designed in accordance with planning concepts for the placement of utility, open space, and other supportive facilities" (349.01 (A) ORC). Typically, a new community authority is created to facilitate the construction and financing of "community facilities," defined as land, buildings, structures, or other facilities, including related fixtures, equipment, and furnishings, including public, community, village, neighborhood, or town buildings, centers and plazas, auditoriums, day care centers, recreation halls, educational facilities, hospital facilities, recreational facilities, natural resource facilities, including parks and other open space land, lakes and streams, cultural facilities, streets, pathway and bikeway systems, pedestrian underpasses and overpasses, lighting facilities, design amenities, or other community facilities, and buildings needed in connection with water supply or sewage disposal installations, or steam, gas, or electric lines or installation (349.01 (I) ORC). The new community authority is permitted to enter into contracts with the developer (as defined below) for the construction and acquisition of community facilities. Such contracts are not subject to competitive bidding.

In order to create a new community authority a "developer" who owns or controls, through leases of at least seventy-five years' duration, options, or contracts to purchase land to be located in the new community district files a petition to create the new community authority. A municipality, county, or port authority that owns the land to be located within the new community district, or has the ability to acquire such land, either through negotiated purchase or by exercise of its condemnation powers in order to eliminate slum, blighted, and deteriorated or deteriorating areas and to prevent the recurrence thereof, may also be a developer under Chapter 349 ORC.

Unless the parcels of land to be located within the new community district are located wholly within one or more municipalities, the district must be at least 1,000 acres in size. The process for approving the petition for the creation of the new community authority is complicated and may require approvals by multiple municipalities and counties.

A new community authority is governed by a board of trustees consisting of between 7 and 13 members. Initially, between 3 and 6 of the board members are appointed as "citizen" members, and the same number are appointed by the developer as developer representatives. The last member is a representative of local government. These appointed board members are replaced by elected residents of the district as development occurs.

Community Development Charge

One of the unique characteristics of a new community authority is the ability to impose a "community development charge" on all parcels in the district. This charge can be millage-based, income-based (such as an income tax), based on a uniform fee, or based on a combination of the foregoing. The community development charge is used to pay for the costs of community facilities financed by the new community authority or to pay for the costs of services provided within the district. The community development charge is deemed to be a covenant running with the land and, when any community development charge is not paid when due, the new community authority may certify the charge to the county auditor. The county auditor then enters the unpaid charge on the tax list and duplicates of real property opposite the parcel against which it is charged and certifies the charge to the county treasurer. An unpaid community development charge is a lien on property against which it is charged from the date the charge is entered on the tax list, and is collected in the manner provided for the collection of real property taxes. Once the charge is collected, the county is required to pay it immediately to the new community district.

Revenue Bonds Section 349.08 et seq.

The board of trustees of a new community authority may issue revenue bonds for the purpose of paying all or any part of the cost of land acquisition, land development, or the acquisition or construction of community facilities or parts thereof. Such bonds are obligations of the authority, payable out of the income source of the authority that is pledged for such payment. The bonds must mature not later than forty years after the date of issuance.

SUBDIVISIONS and THE ISSUANCE OF TAX ANTICIPATION NOTES

In addition to the securities allowed to be issued that are listed within each discussion of a subdivision type, many of these districts may also be allowed to issue tax anticipation notes under Chapter 5705 ORC, and discussed previously in this Guide. As a quick reference, the following table shows which subdivision types can issue such securities under which section of Chapter 5705, and the page of the Guide where a more detailed description that security may be found.

ORC Section	**Subdivision(s) Authorized To Borrow Under ORC Section**	**Page**
5705.19	The taxing authority of a subdivision other than a school district or county school financing district	17
5705.191	The taxing authority of a subdivision other than a school district or county school financing district	17
5705.193	County	18
5705.194	City, local, exempted village, cooperative education or joint vocational school district	18
5705.198	Joint recreation district, the taxing authority thereof	19
5705.21	City, local, exempted village, cooperative education or joint vocational school district	19
5705.212	City, local, exempted village, cooperative education or joint vocational school district	20
5705.213	City, local, exempted village, or joint vocational school district	20
5705.215	The taxing authority of a county school financing district	20

ORC Section	Subdivision(s) Authorized To Borrow Under ORC Section	Page
5705.216	City, local, exempted village, or joint vocational school district	21
5705.217	City, local, or exempted village school district	21
5705.218	City, local, or exempted village school district	22
5748.05	City, local, or exempted village school district	23

GLOSSARY

Ad Valorem Tax
A tax assessed according to the value of the property.

Anticipatory Securities
Securities issued in anticipation of other securities to be issued at a later date.

Assessed Valuation
The total valuation for taxing purposes of the county auditor's real, personal and public utility property lists.

Bond
An interest bearing certificate used for raising capital promising to pay the owner a specified sum on a specified date. Usually has a maturity of over one year.

Chapter 133 Securities
Securities issued under the authority of Chapter 133 (Uniform Public Securities Law).

Charter
A written document outlining powers, rights and privileges adopted by the electors of a municipality (Art. XVIII Section 7 Ohio Constitution) or a county (Art X Section 3) for local home rule government.

Current (Operating) Expense
All expenses of a subdivision excluding those for permanent improvements and debt retirement.

Fiscal Year

A twelve month period between settlements of financial accounts. For the state and all school districts that fiscal year begins on July first, for all other subdivisions or taxing districts the fiscal year begins on January first.

General Obligation

Securities issued with a pledge of the full faith, credit and general property taxing power of the issuer including taxes within the ten-mill limitation.

Home Rule Township

A township that has adopted limited home rule government to exercise local self government as provided in 504.04 ORC.

Interest

Money paid for the use of money expressed in units of one hundredth or one eighth of one percent for a specified period of time.

Issuer

Any public entity authorized to issue securities or a non-profit corporation authorized to issue securities on behalf of a public issuer.

Municipality

A city or a village.

Net Indebtedness (Net Debt)

The principal amount of the outstanding securities of a subdivision less the amount held in the bond retirement fund for their retirement.

Note

A security, usually one year or less, the interest on which is payable at maturity.

Permanent Improvement

Any property, asset or improvement that has an estimated life of five years or more.

Person

Includes individual, corporation, business trust, estate, trust, partnership and associations as well as any federal, state, interstate, regional or local governmental agency, any subdivision or combination thereof.

Securities

Bonds, notes, certificates of indebtedness, commercial paper and other written instruments evidencing an obligation of the issuer, to repay money borrowed and/or to pay interest.

Self-Supporting Security

Securities issued for the purpose of permanent improvements to the extent that receipts of the subdivision, other than taxes, derived from the operation of the improvement or the enterprise system to which the improvement is a part are estimated by the fiscal officer to be sufficient to pay the current expenses and the debt charges on the issue and all other similar issues.

Special Assessment

A certain payment placed upon specially benefited lots or lands as all or part of an improvement. Special assessments may be levied by a percentage of tax value, in proportion to the benefits derived or by front footage of the property bounding and abutting the improvement.

Subdivision

A county, municipality, township, school (excluding a county school district) or any other political taxing district or public body authorized to issue Chapter 133 Securities.

Taxing District

Any subdivision or other governmental unit having authority by law to levy taxes in the district or issue bonds that are chargeable to that district.

Tax Increment Financing

Where a municipality, township or county declares the increase in value of certain parcels of property to be exempt from real property taxation and requires the owner of such property to make service payments in lieu of taxes.