



OHIO AUDITOR OF STATE

KEITH FABER



Dissolutions

Voluntary and Involuntary



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Our Journey Together

- Ohio Revenue Code Sections
 - Starting the process
 - Petition
 - County Analysis
 - Involuntary
 - Post-dissolution
 - Transition Supervisory Board
 - Receiver-Trustee
 - Final Audit
 - Claimants



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Ohio Revised Code Sections 703.31 – 703.39

- 703.31 – Village dissolution definitions
- 703.32 – Village dissolution process
- 703.33 – Surrender of corporate power by villages
- 703.34 – Dissolution of village
- 703.35 – Pending village dissolution
- 703.36 – Post village dissolution
- 703.37 – Transition period
- 703.38 – Final audit
- 703.39 – Claimants

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Voluntary Dissolution - Process

- Petition signed by 30 percent of electors (last regular municipal election)
- Submitted to the legislative authority of the village*
- Placed on the ballot at the next general election in an **even** number year occurring after the period ending 90 days after filing the petition with the legislative authority
- Election results: In favor of the surrender, board of elections certifies the results to the Secretary of State, Auditor of State, and County Recorder

* If the legislative authority fails to act upon the petition within 30 days of receipt, the electors may present the petition to the board of elections

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ORC 703.331 – County Evaluation

- Effective Date: **April 9, 2025**
- County Auditor, County Treasurer, County Commissioner
- Within the year following the release of the results of federal census
- Jointly evaluates, if over the approximate 10 year period between the census, both of the following are true...



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ORC 703.331 – County Evaluation - #1

Did the village itself provide...

Did the village contracted with a private nongovernmental entity to provide...

Did the village contracted with a regional council of governments* to provide...

**includes 3 or more political subdivision, at least 2 of which are municipal corporations*

- Police protection
- Fire fighting services
- Garbage collection
- Water service
- Sewer service
- Emergency medical services
- Road maintenance
- Park or other recreational services
- Human services
- Public library established & operated by the village

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ORC 703.331 – County Evaluation - #2



At each election at which an elected village position was voted upon, at least one candidate appeared on the ballot for each elected village position.

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ORC 703.331 – County Evaluation

- Request information from the village to complete the evaluation
- If the County officials find the village failed to provide services or field candidates, the county officials will submit to the board of elections the question “Shall the village of ____ surrender its corporate powers?”
- Election results: In favor of the surrender, board of elections certifies the results to the Secretary of State, Auditor of State, and County Recorder

Effective Date April 9, 2025

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Involuntary Dissolution – ORC 703.34

Two criteria

- Population less than 150
- Area less than 2 square miles



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Involuntary Dissolution – ORC 703.34

Six conditions

1. The village has been declared to be in fiscal emergency under ORC Section 118 and has been in for at least 3 consecutive years with little to no improvement on the conditions that caused the fiscal emergency declaration.
2. The village has failed to properly follow applicable elections laws for at least two consecutive election cycles for any one elected office in the village.
3. The village has been declared during an audit conducted under ORC Section 117.11 to be unauditible under ORC Section 117.41 in at least two consecutive audits.

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Involuntary Dissolution – ORC 703.34

Six conditions *(continued)*

4. The village does not provide at least two services typically provided by municipal government, such as police or fire protection, garbage collection, water or sewer service, emergency medical services, road maintenance, or similar services.
"Services" does not include any administrative service or legislative action.
5. The village has failed for any fiscal year to adopt the tax budget required by ORC Section 5705.28.
6. A village elected official has been convicted of theft in office, either under ORC Section 2921.41 or an equivalent criminal statute at the federal level, at least two times in a period of ten year. The convicted official with respect to those convictions may be the same person or different persons.

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Involuntary Dissolution – ORC 703.34

Auditor of State completes the analysis and prepares a report. Both criteria needs to be met (population & square miles) and the village meets at least 2 out of the 6 conditions.

If the Auditor deems there is enough support, the report is then provided to the Attorney General's Office for further consideration.

If the Attorney General's office believes there is enough evidence to seek an involuntary dissolution, a court date is established with the Court of Common Pleas in the county in which the village resides.

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Involuntary Dissolution – Court of Common Pleas



Attorney General will present the case as to why the village should be dissolved

Village Officials can present their case as to why the village should not be dissolved

Judge makes the final decision



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Dissolution - Pending

During the period when a dissolution is in question, both of the following apply:

The legislative authority of the village shall not create any new debts, obligations, or liabilities except to the extent the debt, obligation, or liability is necessary in connection with the continued provision of the village's utilities consistent with prudent utility practice.

The legislative authority of the village shall select an official or employee of the village who is knowledgeable on village matters to serve as a representative during a dissolution, should one occur, as specified under section 703.361 of the Revised Code.

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Post Dissolution

On the effective date of the dissolution, all the following applies

- Village ceases to exist
- Corporate powers of the village cease
- Village officials cease to hold office
- An issue voted on and scheduled to take effect on or after the date the dissolution is effective, other than tax levies and special assessments preserved under Section 703.371 of the Revised Code, shall not take effect.

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Post Dissolution (continued)

- A charter, if applicable, and all ordinances and resolutions of the village, except for tax levy and special assessment ordinances and resolutions preserved under section 703.371 of the Revised Code and ordinances and resolutions necessary to maintain such tax levies and special assessments, are extinguished.

Except as provided in division (H) of section 703.371 of the Revised Code, all resolutions of the township or townships into which the village dissolved apply throughout the township's newly included territory, including zoning regulations enacted by a board of township trustees under Chapter 519. of the Revised Code except as provided in sections 303.22 and 519.22 of the Revised Code. Except as provided in sections 303.22 and 519.22 of the Revised Code, county zoning regulations enacted by a board of county commissioners apply throughout the township's newly included territory as applicable.

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Post Dissolution (continued)

- A transition supervisory board exists
- Territory of the village becomes part of the township or townships in which the village territory is located, along existing township boundaries
- All leases to which the dissolved village was a party terminate in accordance with the lease agreement.

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Transition Supervisory Board

Three Voting Members*

- County Auditor or designee (Chair of the Board)
- County Commissioner
- County Recorder

** County wherein the majority of the village territory was located*



Non-voting Member(s)

- Township Trustee or Township Fiscal Officer (each township assuming territory of the dissolved village)

A resident of the dissolved village is prohibited from serving on the board

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Transition Supervisory Board

Duties include

- Appoint and supervise a receiver-trustee
 - Selection from a list of persons provided by the Auditor of State
 - May replace receiver-trustee with approval of the Auditor of State
- May consult with the dissolved village's representative, fiscal officer and legal counsel
- Select the village representative
 - If the legislative authority of the dissolved village fails to do so
- Resolve uncertainty on the territory of the dissolved village & the township(s) boundaries
- Resolve lease agreements with no termination provision

Continues in existence until the final audit is complete

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Receiver-Trustee

Duties include:

1. Resolve outstanding debts, obligations & liabilities
2. Approve necessary operations & budgetary functions
3. Settle or resolve any legal claims existing on the date the dissolution is effective or brought within 90 days after the day the receiver-trustee is appointed by the transition supervisory board
4. Administer and collect taxes & special assessments during the transition period (ORC 703.371)



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Receiver-Trustee (continued)

5. Wind down the involvement of the dissolved village in community improvement corporations (ORC 703.376), special improvement districts (ORC 703.377) & tax incremental financings (ORC 703.378)
6. Dispose or transfer real & personal property (ORC 703.373)
7. Manage utility services until the utility services are transferred (ORC 703.374)
8. Manage public records requests until the records are transferred (ORC 703.375)
9. Perform all other duties assigned under ORC sections 703.31 to 703.39 or assigned to the transition supervisory board
10. Conduct all other necessary business of the dissolved village to conclude the village's affairs

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Local Government Fund Payments – ORC 703.379

During the transition period – distributed to the receiver-trustee for disposal under ORC 703.373

After the transition period – distributed to the township that assumed most of the dissolved village. The township fiscal officer...


- First applies revenue to outstanding debts, obligations & liabilities of the dissolved village
- Remaining revenue is dispensed to the township(s) into which the territory of the dissolved village was dissolved

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Final Audit – ORC 703.38

On the date the transition period is over, the transition supervisory board shall notify the Auditor of State and all entities affected by, or participating in, the dissolution the transition period is over




Not later than 30 days after receiving notice, the Auditor of State shall commence a final audit or final agreed upon procedure audit

The Auditor of State shall provide the completed final audit or final agreed upon procedure audit to the transition supervisory board.

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Claimants – ORC 703.39



Any potential claimant with a potential claim against the dissolving village shall bring the claim not later than ninety days after the day the receiver-trustee initially is appointed by the transition supervisory board.

A claim brought after that date is invalid.

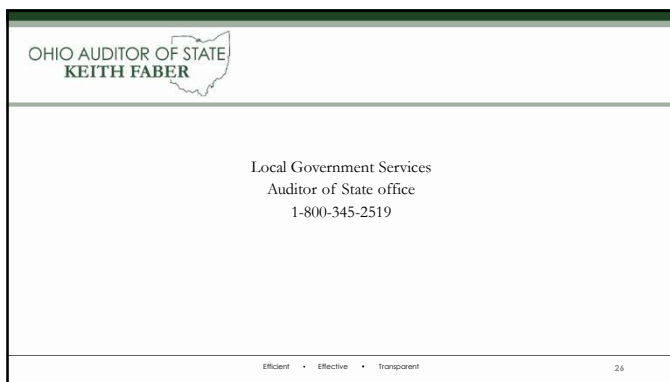


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