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# COUNTY ADVISORY BULLETIN

**CAB**

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## **NEW TRAINING REQUIREMENTS FOR COUNTY TREASURERS**

### **INTRODUCTION**

Amended Substitute Senate Bill 81 established new training requirements for county treasurers. In addition, the bill established new investment policy guidelines for local governments. The bill became effective on September 27, 1996.

The purpose of this CAB is to highlight the new training requirements for county treasurers, summarize all training/eligibility requirements for county treasurers as well as highlight possible financial impacts on counties.

### **BACKGROUND**

S.B. 81 along with a number of other bills were introduced subsequent to the public outcry of bad investment practices by an isolated number of local governments. As a result of public outcry, legislation was enacted restricting the investment of government funds as well as requiring various training programs for local government treasurers.

County treasurers joined the ranks of the county sheriff and auditor by having new training requirements imposed upon their office in 1996.

### **CHANGES TO EXISTING LAW DUE TO S.B. 81**

S.B. 81 changed previous law by the very nature of requiring training/continuing education hours for county treasurers. The new law pursuant to S.B. 81 does the following:

- Requires newly elected county treasurers to take at least 13 hours of training regarding investments and cash management before taking office. Such education programs are to be developed by the state treasurer.
- Requires newly elected county treasurers to take at least 13 hours of education regarding governmental accounting as well as portfolio reporting and compliance before taking office. Such education programs shall be developed by the state auditor.

- Requires county treasurers, after completing one year in office, to take not less than 12 hours annually of continuing education. Both the state auditor and treasurer are to develop programs relative to the duties of the office of county treasurer. The state treasurer will develop programs relating to investments, cash management, the collection of taxes, and ethics. The state auditor will develop programs in governmental accounting, portfolio reporting and compliance as well as office management.
- Requires county treasurers who fail to complete the mandated continuing education programs without a valid health-related excuse or other special hardship to be restricted to investing in the Ohio subdivision's fund (STAR Ohio) or time certificate of deposits or deposit accounts.
- Provides that a county treasurer who fails to complete the required initial or continuing education programs and who invests in instruments other than STAR Ohio, time certificate of deposits, or deposit accounts is subject to removal from office upon complaint and investigation by the county prosecuting attorney, a hearing, and a resolution adopted by the board of county commissioners approving the removal from office.
- Allows both the state auditor and treasurer to charge counties a registration fee that will meet actual and necessary expenses of the training of county treasurers.
- Provides that the necessary personal expenses of county treasurers when attending the training programs shall be borne by the county.

In addition, the bill makes a variety of changes in investment law including the following:

- prohibits certain investments of government funds, including:
  - investment in derivatives securities
  - investment in reverse repurchase agreements
  - local government investment pools (except municipal utilities)
  - investments with maturities greater than 5 years
  - financial transactions which require arbitration to settle disputes relating to the investment.
- requires county treasurers and other investment officials to have written investment policies on file with the auditor of state if they invest in certain activities.
- standardizes county reporting procedures.
- authorizes counties to hire a financial advisor.

For more detailed information on investment issues, refer to Bulletin 96-026 of the Auditor of State's Office.

## **SUMMARY OF ELIGIBILITY/TRAINING REQUIREMENTS FOR COUNTY TREASURERS**

Individuals seeking the office of county treasurer shall meet the following qualifications:

- Must be a U.S. citizen.

- Will be 18 years of age or older at the next November election.
- Must have been a resident of Ohio for 30 days.
- Must be a resident of the county.
- Must be registered to vote 30 days before the election.
- Must give bond to the state in such sum as the board of county commissioners directs.
- If newly elected, must take at least 13 hours of education regarding investments and cash management before taking office. Such education programs shall be developed by the state treasurer.
- If newly elected, must take at least 13 hours of education regarding governmental accounting and portfolio reporting and compliance before taking office. Such education programs shall be developed by the state auditor.
- Incumbent treasurers after one year in office must annually complete not less than 12 hours of continuing education programs regarding investments, cash management, collection of taxes, and ethics conducted by the treasurer of state or in governmental accounting, portfolio reporting and compliance, and office management conducted by the state auditor.

#### **FINANCIAL IMPACT OF S.B. 81**

ORC 321.46 (C) allows the state auditor or treasurer to charge counties a registration fee to meet the actual and necessary expenses of the required training. In addition, the necessary personal expenses of the county treasurer as a result of attending the training programs “shall be borne” by the county.

The law is very clear that the costs of the county treasurer are a county responsibility. As it relates to treasurers-elect who take office in September 1997, the cost of the initial training is not required to be paid by the county; however, it is certainly in the best interest of the county to make arrangements with the treasurer-elect to provide for such payment so that the treasurer-elect can meet the initial training requirements when he/she assumes office. Such expenses are a permissible public use of county money. Commissioners should also remember that any treasurer-elect that meets the initial training requirements may invest in certain instruments which could earn the county considerably more money than the restricted investments that the treasurers who have not completed the initial training requirements must use.

#### **SUMMARY**

The legislation places the first training requirements on county treasurers. While the bill may place some additional costs on counties, recent experience with investment problems in some counties has demonstrated the need for educational training for treasurers that invest in more complicated investment vehicles.

#### **ACKNOWLEDGMENT**

CCAO would like to thank Representative Batchelder and Senator Finan for working with the

Association throughout the legislative process.

In addition, CCAO looks forward to working with both State Auditor Petro and Treasurer Blackwell's offices regarding the future continuing education programs.

Finally, CCAO thanks Tom Steenrod, Executive Director, and Mike Morrison, Legislative Agent for the County Treasurers Association, for their review of this CAB. This bulletin was prepared by Cheryl Subler, CCAO Research Associate.