

1417.

APPROVAL, BONDS OF BEXLEY EXEMPTED VILLAGE SCHOOL DISTRICT, FRANKLIN COUNTY—\$75,000.00.

COLUMBUS, OHIO, December 22, 1927.

Retirement Board, State Teachers' Retirement System, Columbus, Ohio.

1418.

MUNICIPAL COUNCIL—MAY PROVIDE FOR ADMINISTRATIVE ACTION IGNORING SECTION 280, GENERAL CODE.

SYLLABUS:

The council of a charter city may legally provide by ordinance for administrative action, ignoring the provisions of Section 280 of the General Code, requiring that each department, improvement or public service furnishing service or property to another shall pay therefor at its true value.

COLUMBUS, OHIO, December 22, 1927.

Bureau of Inspection and Supervision of Public Offices, Columbus, Ohio.

GENTLEMEN:—This will acknowledge your recent communication, as follows:

“Section 13 of Article XVIII of the Constitution reads:

‘Laws may be passed to limit the power of municipalities to levy taxes and incur debts for local purposes, and may require reports from municipalities as to their financial condition and transactions, in such form as may be provided by law, and may provide for the examination of the vouchers, books and accounts of all municipal authorities, or of public undertakings conducted by such authorities.’

The pertinent part of Section 291, G. C., as amended 112 O. L. 355, reads:

‘On or before the thirty-first day of March annually the chief fiscal officer of each political subdivision or taxing district of each county shall prepare a financial report for the preceding fiscal year, in such form as will comply with the requirements of the bureau of inspection and supervision of public offices, and shall cause same to be published in a newspaper published in the political subdivision or taxing district and if there is no such newspaper, then in a newspaper of general circulation in the district or political subdivision.’

Section 280, G. C., reads:

'All service rendered and property transferred from one institution, department, improvement, or public service to another, shall be paid for at its full value. No institution, department, improvement or public service industry, shall receive financial benefit from an appropriation made or fund created for the support of another. When an appropriation account is closed, an unexpended balance shall revert to the fund from which the appropriation was made.'

Municipal corporations must comply with the provisions of Section 280 to produce the detailed annual report required by the bureau.

QUESTION: May the council of a city having a charter which contains a provision that statutes in conflict must give way to charter provisions and ordinances of council, legally provide by ordinance for certain administrative actions which ignore and set aside the provisions of Section 280?"

As your inquiry implies, the financial supervision of municipalities, since the adoption of the Home Rule amendments of the Constitution, is accomplished solely through the authority contained in Section 13 of Article XVIII, which you quote. The way in which the books and accounts of a municipality are kept would otherwise, in my opinion, undoubtedly be a matter of local self government and so placed exclusively within the control of the municipal government. In the determination of the question you ask, therefore, the authority conferred by Section 13 of Article XVIII must be examined.

Pursuant to this authority, Section 291 of the General Code, which you also quote, was enacted, which makes it the mandatory duty of the chief fiscal officer of a city to prepare an annual financial report in such form as will comply with the requirements of your bureau. This section, I believe, is no broader in effect than the authority conferred by Section 13 of Article XVIII of the Constitution, which provides:

"Laws * * * may require reports from municipalities as to their financial condition and transactions, in such form as may be provided by law."

Your bureau accordingly has both constitutional and statutory authority to prescribe the form of report which shall be made by each political subdivision, including municipalities. Your specific question, however, deals with the requirements of Section 280 of the Code, to the effect that all service rendered or property transferred from one department to another shall be paid for at its full value. This provision manifestly was enacted to the end that the books of each subdivision should, so far as possible, disclose the actual cost of operation of each department of the public service. If this section be not followed in the books of accounts of a municipality, it will readily be seen that it would be impossible to determine with any degree of accuracy the true cost of the administration of various municipal functions.

You will observe, however, that Section 13 of Article XVIII of the Constitution does not, in terms, authorize the state to prescribe any particular system of accounts for municipalities, its powers being limited to the requiring of reports as to their financial condition and transactions and to the examination of the municipal vouchers, books and accounts. Apparently, therefore, Section 277 of the General Code, which authorizes the auditor of state, as chief inspector and supervisor of public offices, to prescribe and require the installation of a uniform system of accounting in all

public offices, must be read in connection with the Home Rule amendments of the Constitution and, therefore, such section would seem to have no application to municipalities. In other words, municipalities may, under the Home Rule provisions of the Constitution, adopt such systems of accounts as may to them seem proper.

This last statement, however, in my opinion, must be qualified somewhat. While the state is not authorized specifically to prescribe the exact system of accounts, I feel that whatever system is adopted by a municipality must be such as will enable the fiscal officer thereof to make a true statement in such reports as are required under authority of Section 13 of Article XVIII.

Section 281 of the General Code is as follows :

“A financial report of each public institution or taxing district for each fiscal year shall be made in accordance with forms prescribed by the chief inspector and supervisor.

The report shall be certified by the proper officer or board, filed with the bureau within thirty days after the close of the fiscal year, and contain the following: amount of collections and receipts, and accounts due from each source; amount of expenditures for each purpose; income of each public service industry owned or operated by a municipality, and the cost of such ownership or operation; amount of public debt of each taxing district, the purpose for which each item of such debt was created, and the provision made for the payment thereof. Each county auditor shall receive for his services in making such report the sum of fifty dollars, to be paid out of the county treasury upon the allowance of the county commissioners and to be credited to said auditor's fee fund.”

We have, therefore, the form of the financial report provided by law and, among other things, the statement must show “amount of expenditures for each purpose; income of each public service industry owned or operated by a municipality, and the cost of such ownership or operation;”. In order that this information may be furnished, it would seem to be necessary to keep the books of the municipal corporation in such a way as to reflect each instance where one department, purpose or public service has rendered services or furnished property for another. It would not, however, appear to be essential that in each instance the service rendered or property furnished be actually paid for at its full value. You will observe that I make a distinction between the bookkeeping and the actual payment from one fund to another. This distinction is, in my opinion, important because I feel that your authority to require reports does not necessarily include the authority to require the actual payment from one fund to another. On the other hand, the maintenance of a system of bookkeeping, which will reveal the true status, appears to be a necessary incident to the preparation of the financial reports which you are authorized to require.

The substance of my conclusion is that the fiscal officer of a municipality must, in order to prepare properly the report required by Section 281 of the General Code, so keep his books that, when one department furnishes any service or property to another, the amount thereof will appear in order that he may make a true statement of the amount of expenditures for each particular department, service or purpose. On the other hand, I scarcely feel that the authority of your bureau extends so far as to include requiring compliance with Section 280 of the General Code.

I might add that I do not feel it within the authority of your bureau' to determine as against the municipality just how the various departments and purposes

of local government shall be distributed. In other words, it may seem of advantage to the municipality to combine one or more departments under one head or to provide for separate departments from those ordinarily recognized as incident to the public service. These are matters which, in my opinion, reside wholly within the field of local self government and I cannot see wherein Section 13 of Article XVIII extends authority to your bureau to prevent any internal arrangement of its business which a municipality may desire. So long as the report filed with you is a true reflection of the amount of expenditures of each purpose which the municipality recognizes as such, then I feel that compliance has been had with all of the requirements which can be made of such municipality under the authority contained in the section of the Constitution above referred to.

I am of the opinion, therefore, that the council of a charter city may legally provide by ordinance for administrative action, ignoring the provisions of Section 280 of the General Code, requiring that each department, improvement or public service furnishing service or property to another shall pay therefor at its true value.

Respectfully,
EDWARD C. TURNER,
Attorney General.

1419.

APPROVAL, BONDS OF THE VILLAGE OF DEER PARK, HAMILTON COUNTY, OHIO—\$16,479.60.

COLUMBUS, OHIO, December 22, 1927.

Industrial Commission of Ohio, Columbus, Ohio.

1420.

APPROVAL, BONDS OF CHESTER TOWNSHIP RURAL SCHOOL DISTRICT, MEIGS COUNTY—\$59,000.00.

COLUMBUS, OHIO, December 22, 1927.

Retirement Board, State Teachers' Retirement System, Columbus, Ohio.

1421.

DISAPPROVAL, BONDS OF THE CITY OF CONNEAUT, ASHTABULA COUNTY, OHIO—\$33,174.00.

COLUMBUS, OHIO, December 22, 1927.

Re: Bonds of the City of Conneaut, Ashtabula County, Ohio, \$33,174.00.

Industrial Commission of Ohio, Columbus, Ohio.

GENTLEMEN:—I have examined the transcript of the proceedings of council and other officers of the City of Conneaut, Ashtabula County, relative to the above bond