

2025 IPA Conference Agenda

| Start Time | End Time | Topic | Speaker |
|------------|----------|---|---|
| 8:00 AM | 8:15 AM | Opening Remarks | Auditor Faber / Tiffany Ridenbaugh, AOS |
| 8:15 AM | 9:15 AM | Quality Assurance Update & Common Issues Identified In IPA Report Reviews | Jill Butler and Ami Mayne, AOS |
| 9:15 AM | 9:20 AM | Break | |
| 9:20 AM | 10:20 AM | Ohio Cyber Programs and Resources | Mark Bell, State of Ohio Adjutant General's Dept. |
| 10:20 AM | 10:25 AM | Break | |
| 10:25 AM | 11:25 AM | OSCPA Legislative & Regulatory Update | Greg Saul, Ohio CPA |
| 11:25 AM | 11:55 AM | Lunch | |
| 11:55 AM | 12:55 PM | USAS Manual Updates | Tracie McCreary, AOS |
| 12:55 PM | 1:00 PM | Break | |
| 1:00 PM | 2:00 PM | DEW School Funding Update | Aaron Rausch and/or Elena Sanders, DEW |
| 2:00 PM | 2:05 PM | Break | |
| 2:05 PM | 2:35 PM | GASB Update | Tracie McCreary, AOS |
| 2:35 PM | 2:40 PM | Break | |
| 2:40 PM | 3:40 PM | Fraud Case Study: Athens Metropolitan Housing Authority | John McElhaney and Jon Wagner, SIU |
| 3:40 PM | 3:45 PM | Closing Remarks | Training, AOS |

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KEITH FABER

Quality Assurance Update
&
Common Issues Identified in
IPA Report and WP Reviews

IPA Conference 2025

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Quality Assurance Team

Eric Kline
Chief of
Quality Assurance

Jill Butler
Assistant Chief of
Quality Assurance

Leah Alexander
Administrative
Assistant

J.C. Verardi
Technical Lead

Ashley Perry
Project Lead

Alli Shaffer
CFAE Coordinator

Dawn Renner
CFAE Coordinator

Brad Blake
Quality Assurance
&
Technical Specialist

Tim Wagner
Quality Assurance
&
Technical Specialist

Trisha Wood
Quality Assurance
&
Technical Specialist

Sean Garland
Quality Assurance
&
Technical Specialist

Tracie Laning
Quality Assurance
&
Technical Assistant

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IPA Report Reviews – Scoring Criteria

Report comments: Without a required correction / modification

10: No comments

9: Comments of less significance

8: One or two comments regarding the *client's financial statements*

7: Three or more comments regarding the *client's financial statements*

6: One comment regarding *IPA reports*

5: Two comments regarding *IPA reports*

4: Three comments regarding *IPA reports*

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IPA Report Reviews – Scoring Criteria

Significant report items: noted for correction/modification

2: Recall for one or two items

1: Recall for three items

0: Recall for four or more items

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IPA Report Reviews - Submission

IPA reports submitted to: IPAreport@OhioAuditor.gov

Required:

- Report
- Management Letter (if applicable)
- STARS Form

Suggested:

- Provide information in submission email that you would like to bring to the reviewer's attention

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IPA Report Reviews - Submission Requirements

Report

- Naming Protocol: Any_Township_24_23_Franklin (also applies to AUPs)
- Cover Page
- Table of Contents with hyperlinks
- Bookmarked

Management Letter

- Naming Protocol: Any_Township_24_23_Franklin_ML

Other requirements

- Audit Recipients approved

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**IPA Report Reviews -
Common Submission Issues**

Report / Management Letter

- Not following the naming protocols
- Table of Contents not hyperlinked
- Missing/Incorrect Bookmarks

STARS form

- Missing/Incorrect form

Audit Recipients

- Not approved

Reporting Basis not as anticipated

- i.e. Single Audits expected to be a GAAP financial audit (or vice versa); GAAP financial audit expected to be AOS Regulatory **Changes require a contract modification*

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**IPA Report Reviews-
Common Report Issues (1 of 6)**

Opinions

- Incorrect Entity name/County
- Incorrect Audit period
- Date of Opinion does not agree to GAGAS letter
- Opinion does not cover:
 - All years presented (i.e., Comparative Financial Statements)
 - All financial statements presented (i.e., Cash flow Statement)
- No in-relation to opinion on Supplementary Information (i.e., SEFA)
- Opining on Fund Types not presented (Regulatory Reporting)

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**IPA Report Reviews-
Common Report Issues (2 of 6)**

Financial Statements

- Negative Net Position after reversing the impact of GASB 68/75
 - Not addressed as an EOM for financial difficulties and notes do not include managements plan
- Beginning Net Position/Fund Balance does not agree to the prior year ending balance (Without a restatement)
- Totals from combining schedules do not agree to the combined amount in the basic financial statements
- Amounts do not agree with Hinkle filing and there are no comments indicating there were audit adjustments

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IPA Report Reviews- Common Report Issues (3 of 6)

GAGAS Letter

- Date does not agree to the date of the Opinion Date
- Incorrect entity name/county
- Incorrect Audit Period
- Does not define a Material Weakness or Significant Deficiency, when appropriate
- Finding numbers do not agree to the schedule of findings

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IPA Report Reviews- Common Report Issues (4 of 6)

UG Letter

- Incorrect entity name/county
- Incorrect Audit Period
- No in relation to opinion on the SEFA, when applicable

Schedule of Findings

- Findings do not agree to GAGAS letter or UG letter
- Findings indicate a matter that indicates a potential Finding for Recovery or Finding for Adjustment that was not sent to the region

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IPA Report Reviews- Common Report Issues (5 of 6)

Footnotes

- Transfers
 - No note disclosure
 - Transfers out of restricted funds that do not appear in compliance with ORC
- Budgetary
 - Information does not agree to statements
- Debt
 - Payments/Balances do not reconcile to statements

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**IPA Report Reviews-
Common Report Issues (6 of 6)**

SEFA

- Missed major programs
- Not enough coverage
- Instances where ODOT programs or projects are missing from the SEFA
 - Has resulted in additional work and reissued reports
 - Please ensure the client is obtaining a confirmation from ODOT

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**IPA Agreed-Upon Procedures Report Reviews
Common Issues (1 of 4)**

Eligibility

- Reports with bank reconciliation issues indicating that the client is not reconciled
- According to the AUP Eligibility checklist, the client must be reconciled
- Clients that are NOT reconciled DO NOT qualify for an Agreed-Upon Procedures engagement
 - This includes entities with items such as “unknown errors” or “other adjusting factors” in their bank reconciliations

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**IPA Agreed-Upon Procedures Report Reviews
Common Issues (2 of 4)**

Incorrect Information

- Engagement period
- Entity Name/County
- Entity Address

Contact Information

- Please ensure the client’s name and contact information is updated

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IPA Agreed-Upon Procedures Report Reviews Common Issues (3 of 4)

| Agreed-Upon Procedures Shell | Missing Procedures |
|--|---|
| <ul style="list-style-type: none"> • Please ensure that the most current shell is used • Please ensure all steps are addressed and the shell is followed | <ul style="list-style-type: none"> • All steps in the Agreed-Upon procedures shells should be included in the report unless the procedures is not applicable (as noted in the shell) |

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IPA Agreed-Upon Procedures Report Reviews Common Issues (4 of 4)

Potential Findings for Recovery or Findings for Adjustment

- Any potential FFR or FFA must be sent to the region to determine if a FFR or FFA will be issued
- This includes reports that include exceptions for issues, such as:
 - Expenditures out of the wrong fund
 - Receipts posted to the wrong fund
 - Expenditures that are not for a proper public purpose

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IPA Work Paper Reviews – Scoring Criteria

| |
|---|
| 5: No comments or comments of less significance |
| 4: Few significant comments about a lack of required documentation |
| 3: One required limited audit procedure to be performed |
| 2: Many significant comments about lack of required documentation |
| 1: Two or more required limited audit procedures to be performed |
| 0: Significant comments which required the IPA to perform substantial audit procedures or gather audit evidence to meet standards |

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**IPA Work Paper Reviews-
Common Work Paper Issues (1 of 3)**

Unclear Documentation

- Work should be clearly documented and reperformable

Control Tests

- Implementation Tests are required when Control Risk is assessed at High

Audit Adjustments

- Must be provided to client
- Require Client Approval
- Clients must also receive unadjusted entries

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**IPA Work Paper Reviews-
Common Work Paper Issues (2 of 3)**

Analytics

- Require clearly documented expectations

Dual Purpose Testing

- Usually require separate sampling forms
- Testing clearly labeled as Control and Substantive
- Different Conclusions

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**IPA Work Paper Reviews-
Common Work Paper Issues (3 of 3)**

AOS Access to IPA Working Papers

- There have been a number of instances where IPAs have been reluctant to provide access to all working papers when AOS is the successor auditor
- We understand the firms have policies and procedures they follow when successor auditors request to review audit documentation
- Reminder – The RFP includes a requirement for IPAs to “...provide the Auditor of State unconditional access to examine and review engagement documentation created or obtained by the IPA involving its performance under the contract...”

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Financial Health Indicators (1 of 7)

- FHIs for Cities and Counties have been in existence since 2016. A similar process was developed to be utilized for Schools in May 2025.
- The FHI report
 - Not intended to criticize the operating decisions made by individual entities.
 - Useful tool to provide a "fiscal physical" and to identify those entities that are on a path to fiscal stress, which could benefit from proactive actions to alleviate the stress.
- No one financial indicator by itself is of use in identifying overall fiscal stress. These indicators must be considered together to obtain insight as to whether or not an entity is experiencing the early signs of fiscal stress; however, individual indicators identify specific areas for review by the entity.

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Financial Health Indicators: Financial Health Indicator Report (2 of 7)

- For each reporting year an entity's financial health indicators (FHI) will be generated twice:
 - Preliminary** – at the time of their final, unaudited Hinkle System annual financial statement report submission
 - Final**- at the time of the completion of the financial audit.
- Entities have 2 weeks to review prior to being made available on the AOS website.

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Financial Health Indicators: Financial Health Indicator Report (3 of 7)

An entity must present its financial statements on a consistent accounting basis for seven (7) years in order to generate their FHIs.

The FHI report for entities presenting their financial statement on a regulatory cash or varying accounting basis will be a one-page explanation why their FHIs cannot be generated.

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Financial Health Indicators: Financial Health Indicator Report (4 of 7)

- There are seventeen (17) FHIs applicable to GAAP cities/counties, with 15 of those applicable to cash/modified cash entities.
 - Schools have 1 less indicator
- Three FHI classifications (using “stop-light” colors)
 - Critical Outlook (red)
 - Cautionary Outlook (yellow)
 - Positive Outlook (green)

2024 Financial Health Indicators at a Glance:

| | | | | | | | | | | | | | | | | |
|--------|--------|--------|--------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-----|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
| Yellow | Yellow | Yellow | Yellow | Yellow | Green | Green | Green | Green | Green | Green | Green | Green | Green | Green | Green | Red |

Critical Outlook Financial Health Indicators: 1 Cautionary Outlook Financial Health Indicators: 5

Critical Outlook
Cautionary Outlook
Positive Outlook
Not Applicable

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Financial Health Indicators: Predictors of Overall Fiscal Stress (5 of 7)

- Entities preparing GAAP financial statements experiencing **six (6) critical (red)** or a combination of **eight (8) “critical”(red) and “cautionary” (yellow)** could potentially be experiencing fiscal stress.
- Using the same data, the Auditor of State determined entities reporting on a **cash or modified cash basis** of accounting are at an elevated risk of financial stress if they have at least **four (4) “critical”** indicators or a combination of at least **six (6) “critical” and “cautionary”** indicators.

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Financial Health Indicators: AOS Outreach (6 of 7)

NEW - After audit is complete and the Final FHI Report is generated

- Entities meeting the requirements of potential fiscal stress will receive a letter and a copy of the FHI report from AOS
- Letters will be sent to:
 - Cities – Finance Director, Mayor, Council President
 - Counties – County Auditor, County Treasurer, Board of County Commissions Chairperson
 - Schools – Treasurer, Superintendent and Board President
- The purpose of the letter to encourage communication within the entity and/or with LGS to see what actions may be necessary to avoid further fiscal stress

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Financial Health Indicators: Resources (7 of 7)

AOS webpage: <https://www.ohioauditor.gov/FHI/default.html>

- Report Search
- Trend Search
- Heat Map
- User Guide
- Description of the Indicators
- Frequently Asked Questions

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Adoption of Cybersecurity Program

Auditor of State Bulletin 2025-007

- Issued at the end of August
- Political subdivisions shall adopt a cybersecurity program
 - Counties and Cities – January 1, 2026
 - All other entities – July 1, 2026
- Compliance procedures will be developed and included in the Ohio Compliance Supplement
- Incidents must be reported to Department of Public Safety within 7 days and to AOS within 30 days of discovery

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AUP/Basic Audit Fact Sheet

- Created in July 2025
- Provides an At a Glance overview
 - Eligible entity types
 - Eligibility requirements
 - Risk factors that may result in ineligibility
 - Factors that preclude eligible client types from AUP/Basic Audit engagements
- On AOS website: <http://www.ohioauditor.gov/references/agreeduponprocedures.html>

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Unresponsive Clients/Backlog

- Please focus on the oldest audits outstanding
- Regions can assist in getting responses from clients – after all other resources have been exhausted
 - Have multiple emails been sent?
 - Have phone calls been made?
 - Has the Board been contacted?

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US Dept of Education – Related Parties Disclosure

Auditor of State Bulletin 2025-001

- Issued in January 2025 to notify entities that participate in Title IV programs and their IPAs of the expanded related party disclosure required by the US Department of Education
- US Department of Education has indicated that the financial statements will be rejected that:
 - Include an unaudited related party disclosure not covered by the auditor's opinion
 - Do not include a disclosure indicating there are no related parties
- At this time, the Auditor of State will not monitor for this requirement

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ORC 117.103 Fraud Training Testing

Employees
of the
State Retirement
Systems

- Not considered state employees for the purposes of ORC 117.103
- Not required to undergo fraud training compliance testing

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OPERS Traditional Plan

Effective January 1, 2024, the OPERS Combined Plan has been officially consolidated into the Traditional Plan, in accordance with the recent legislative approval under House Bill 33

- Will directly affect how participating employers report the Traditional Plan and how the information reported by the participating employers is audited
- Employers that did not report the combined plan in prior years may require a restatement
- Prior year combined plan amortization will be expensed in the current year

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FACCR Delay



Office of Management and Budget (OMB) has not released the Final 2025 Compliance Supplement

FACCRs for June 30, 2025 audits will be delayed

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IPA Correspondence

News, updates, and communication sent from the Auditor of State's Office to Independent Public Accountant firms are available on the Auditor of State website

- <https://www.ohioauditor.gov/ipa/correspondence/default.html>
- Now Searchable

Available on our website for two years from the month they were sent

- Anything older than 2 years may be requested via email IPACorrespondence@OhioAuditor.gov

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Questions?



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Combined IPA Conference

OHIO CYBER PROGRAMS AND RESOURCES



<https://www.oc3.ohio.gov/>
<https://cyber.ohio.gov/>

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Ohio Cyber Collaboration Committee (OC3)

Mark Bell is the Cyber Security Outreach Coordinator for the Adjutant General's Department of Ohio.

Mark coordinates a wide range of cyber partners throughout Ohio, organized into the Ohio Cyber Collaboration Committee (OC3), to improve the cyber security posture of the state through education and workforce development, the creation of the Ohio Cyber Range, the development of cyber response teams for Ohio, cyber exercises, and the sharing of best cyber practices and policies throughout the state. Mark is also the Chairman of the Ohio Cyber Range Institute's (OCRi) Executive Committee which provides strategic oversight for the Ohio Cyber Range.


Prior to working for the Ohio National Guard, Mark worked for 26 years as a congressional staffer for former congressmen John R. Kasich and Patrick J. Tiberi, serving in a variety of roles from case worker to Chief of Staff.

Mark is also a retired Military Police Command Sergeant Major. During his almost 29 years in the United States Army Reserve, Mark performed many different Military Police functions in both a reserve and deployed capacity and served in a variety of leadership positions at the Company, Battalion, Brigade and Division level. He also served as an adjunct professor of military science at Capital University. His last assignment was serving as the Division Command Sergeant Major of the newly created 87th Training Division located in Birmingham, Alabama.



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Ohio Cyber Collaboration Committee (OC3)

Ohio must posture itself with an enterprise-wide approach that allows for a statewide cyber governance structure. More importantly, Ohio must develop and implement the appropriate authority to provide the capability to respond to and prevent cyber-attacks.

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Ohio Cyber Collaboration Committee (OC3)

The Threat

- Cyber crime is projected to cost the global economy \$10.5 trillion by 2025, more than 10 times the cost since 2015. Average per attack is 9.48 million.
- There were over 4,100 recorded data breaches and those breaches exposed 22 billion records in 2023
- The cyber-insurance industry is already estimated to be worth well over \$10.33 billion growing to 27.8 billion by 2026.
- Multiple firms project that by 2025, 19 billion devices will be connected to the "Internet of things," a huge growth in the number of devices that connect ever more of daily life to the Web.
- Prevention is cheaper than remediation.

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Threat Actors

- Nation State actors
- Criminal enterprises
- Intellectual property theft/industrial espionage
- "Hacktivists"/terrorists
- Personal/political attacks/insiders
- Malicious Acts/Vandalism
- Rogue Malware

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Types of Attacks

- Phishing – emails over 90% of attacks, Vishing, Smishing, Spear Fishing, whaling
<https://www.cisa.gov/sites/default/files/publications/phishing-infographic-508c.pdf>
- Block (SPF DKIM DMARC), Educate, Report, Protect (segment, least privilege, updates)
- Ransomware – Every 14 seconds – New threat - Blackmail
- DOS/DDOS Attacks - (distributed denial-of-service) attempts to disrupt normal web traffic and take a site offline by overwhelming a system, server or network with more access requests than it can handle.
- "Man in the middle" – Public wi-fi or weak link on your own network
- Social Engineering
- Insider attacks/physical security/vendor 3rd party corruption
- Password attacks/hacks/brute force
- "Typo squatting" fake login pages, click jacking
- Viruses/other Malware

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Common Vectors of Attack

- Emails and email attachments
- Unpatched vulnerabilities – OS, Apps
- Compromised/weak credentials (username/password)
- Infected downloads (Trojan horse)
- Compromised thumb drives/CDs/DVDs/SD cards
- Malicious links/advertising/QR codes, Domain Shadowing
- Drive by downloads (infected web sites)
- Man in the middle, Open Wi-Fi or weak link on your own network
- Windows Macros
- Deception/social engineering
- Unsecured vendors/support programs

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| TIME IT TAKES A HACKER TO BRUTE FORCE YOUR PASSWORD IN 2025 | | | | | |
|---|--------------|-------------------|-----------------------------|--------------------------------------|---|
| Number of Characters | Numbers Only | Lowercase Letters | Upper and Lowercase Letters | Numbers, Upper and Lowercase Letters | Numbers, Upper and Lowercase Letters, Symbols |
| 4 | Instantly | Instantly | Instantly | Instantly | Instantly |
| 5 | Instantly | Instantly | Instantly | Instantly | Instantly |
| 6 | Instantly | Instantly | Instantly | Instantly | Instantly |
| 7 | Instantly | Instantly | 2 secs | 7 secs | 31 secs |
| 8 | Instantly | Instantly | 2 mins | 7 mins | 39 mins |
| 9 | Instantly | 10 secs | 1 hour | 7 hours | 2 days |
| 10 | Instantly | 4 mins | 3 days | 3 weeks | 5 months |
| 11 | Instantly | 2 hours | 5 months | 3 years | 34 years |
| 12 | 2 secs | 2 days | 24 years | 200 years | 3k years |
| 13 | 19 secs | 2 months | 1k years | 12k years | 202k years |
| 14 | 3 mins | 4 years | 64k years | 750k years | 16m years |
| 15 | 32 mins | 100 years | 3m years | 46m years | 1bn years |
| 16 | 5 hours | 3k years | 173m years | 3bn years | 92bn years |
| 17 | 2 days | 69k years | 9bn years | 179bn years | 7tn years |
| 18 | 3 weeks | 7m years | 467bn years | 11tn years | 438tn years |

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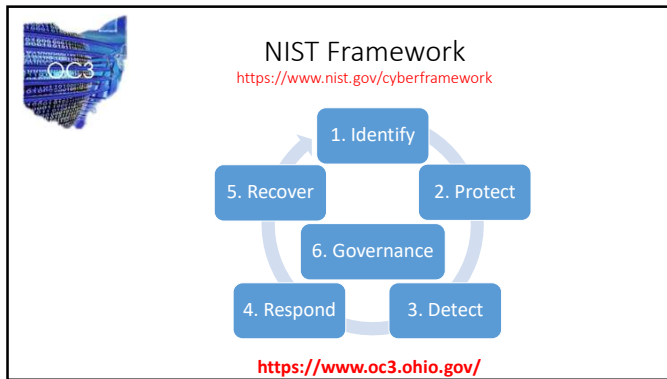
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Password Strategies


- Never reuse or duplicate passwords
- use long complex passwords – 15 minimum with numbers, upper- and lower-case letters, and symbols - longer is better (74 characters per slot)
- Avoid words in the dictionary, part of your name, where you work, your school, the current year, DOB, anniversaries, pets' names, etc.
- Use embeds
- Use the first letters of phrases i.e. The Beatles The Long and Winding Road – \$TIAwRtLtYdWnDiStRb76 21 characters, all 4 options, no dictionary words - (trillions of years to brute force attack!)
- Use a password manager (does have some risks)
- Add multi factor authentication (something you know with something you have) i.e. password plus cell phone and pin number
- Set maximum number of tries, then lock out or freeze account
- Change password any time something bad happens

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Inventory Your Data

- What Data do you have?
- Where is it?
- Who can access it?
- How is it protected?

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Inventory Your Data

Classifications:

- **Public:** Data that can be freely shared with the public. Example: Agency press releases.
- **Internal:** Data intended for internal use only. Example: Staff meeting notes.
- **Confidential:** Data that requires protection due to its sensitive nature. Example: Employee payroll information.
- **Restricted:** Data that demands the highest level of security. Example: Criminal investigation records.


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Inventory Your Data

1. **Identify Data and Storage Locations:** Begin by cataloging all data within the organization. This includes examining backups, old servers, cloud storage, and databases. Check for rogue downloads on individual devices and unauthorized data storage, as these can pose significant security risks.
2. **Encryption and Access Controls:** Understand how data is encrypted both at rest and in motion. Review the segmentation and access controls for critical data to ensure they are robust and effective. This step is vital in preventing unauthorized access and ensuring data integrity.
3. **Encryption Practices:** Ensure that no critical data is stored in plain text. Use strong encryption methods and maintain the security of encryption keys. Regularly review and update your encryption practices to stay ahead of potential threats.
4. **Data Retention Policies:** Assess your data retention policies. Delete any data that is no longer needed or archive it offline. This practice aligns with the principle that **the easiest way to protect data is not to have it**. Only retain data that is required by law, regulation, or necessary for operations. Once you have identified the essential data, focus on securing it.

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Inventory Your Data


Identifying Potential Vulnerabilities

Recognizing and addressing potential vulnerabilities is essential for maintaining data security.

1. **Vulnerable Points:** Identify vulnerable points based on the type and classification of data. For example, sensitive data stored on devices without encryption is a significant risk.
2. **Outdated Devices and Software:** Understand the risks associated with outdated devices and software, especially where classified data is stored or accessed. Regular updates and patches are necessary to mitigate these risks.

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Inventory Your Data


Prioritizing Assets and Data for Protection

Not all data and assets are equally critical. Prioritizing them helps in focusing security efforts where they are most needed.

1. **Assess Impact:** Assess which assets and types of data would have the most significant impact if compromised. This helps in identifying high-priority data that requires immediate and robust protection measures.
2. **Implement Protections:** Identify protections to apply immediately, especially for high priority data. This includes encrypting restricted data and limiting access to sensitive information.

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Inventory Your Data

Data Encryption and Backup Strategies

Encrypt data at rest and in transit

Data encryption is a fundamental practice for protecting sensitive information. LGEs should ensure that all sensitive data is encrypted both at rest and in transit. This means that data stored on devices and transmitted over networks is protected from unauthorized access.

Backup your data

Regular data backups are essential for data recovery in case of a cyber incident. LGEs should implement a backup strategy that includes regular backups to secure off-site storage locations.


Current better practice is known as the 3-2-1 rule.

- 3 copies of data, 1 golden backup with 2 redundant copies
- 2 different media types such as a local backup server and cloud storage.
- 1 copy off-site for resilience in the event of a catastrophic event (fire, flood, industrial accident).

These backups should be tested periodically to ensure they can be restored successfully

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Protection Steps

- Create strong passwords for your accounts.
- Create unique passwords for each account.
- Consider using a password manager to simplify password management.
- Enable account lockout after 5 failed login attempts
- Enable Multi Factor Authentication (MFA) on every possible account and device.
 - o Mandate MFA for administrator access
- Provide home network cybersecurity better practices to your remote/hybrid workforce.
- Separate administrator accounts from routine daily work accounts.
- Change passwords or disable default accounts on network devices and in software applications
- Revoke credentials for departing staff. Disable all accounts when an employee leaves.

Collect all key cards, security tokens, door keys.

- Improve physical security. Restrict access to areas where sensitive data is stored.
- Apply software updates as soon as possible.
- Plan migration from Windows 10. Windows 10 end of support date is 10/14/2025.
- Encrypt data at rest and in transit.
- Establish routine backup policy
 - o Test backups to verify processes
 - Explore migration to *.gov domain

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Ohio Cyber Collaboration Committee (OC3)

Simple Solutions

- Update OS and Programs, Delete old or unused programs (Windows 10, [Ventura](#))
- Change default usernames and passwords on hardware/systems (Mirai malware)
- Use strong passwords and Use Multi Factor Authentication (MFA)
- Use/turn on firewall and antivirus programs
- Inventory your network, block unknown devices
- Isolate internet of things/wireless devices from computers (segmentation)
- Have a separate guest network accounts for visitors/IOT/kid's accounts/old tech
- Don't click links in emails or on web pages – look it up, type it in
- Treat outside/unknown thumb drives/CDs/DVDs as highly risky
- Treat outside attachments as risky
- Don't go to sketchy web sites
- Beware of free stuff
- Don't trust something just because you think you know someone
- Backup your data everyday – Use encryption on sensitive data, airgap backup (3-2-1)
- Don't forget physical security, screen locks etc. – "windows L" - don't lend your phone
- Be careful on social media, don't give up your PII - GPS in pictures

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Ohio Cyber Collaboration Committee (OC3)


Steps to get better

- Train - users, managers, IT staffs, executives
- Complete Cyber inventory – hardware, software, data, policies
- Audit/implement best practices – NIST standards (OhCR)
- Develop Cyber Response/Recovery Plan
- Develop Continuity of Operations Plan
- Develop and Conduct Tabletop Exercise (CISA)
- Practice all in a red on blue Cyber Range Exercise
- AARs and improve, Audits/Pen tests - not a “one and done” project – “Persistent Cyber Improvement” (PCI) is the key



<https://www.oc3.ohio.gov/>


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Ohio Cyber Collaboration Committee (OC3)


Resilience is the Key

- Will never be 100% safe from cyber attack
- Protect as best you can - minimize threat
- Segment network and limit horizontal movement
- Least privilege - limit access to servers and data
- Monitor network in real time/review logs
- Back up data daily / in real time 3/2/1
- Encrypt sensitive data
- Be ready, you will get malware!
- Have a Response and Recovery Plan
- Have a Continuity of Effort Plan
- Practice Plan – TTX
- Goal - Have malware be rare, with limited spread, and fast, full recovery



<https://www.oc3.ohio.gov/>

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Ohio Cyber Collaboration Committee (OC3)

Our Mission: To provide an environment for collaboration between key stakeholders, including education, business and local government to strengthen cyber security for all in the State of Ohio and to develop a stronger cyber security infrastructure.

Our Goals/Committees: OC3 has established three subcommittees to help it achieve its primary goals: Education/Workforce Development, Cyber Range, Cyber Protection and Preparedness. The committees are composed of Ohioans with a wide range of cyber and educational expertise dedicated to making Ohio a leader in how to integrate public-private partnerships into solving the cyber security problem.

<https://www.oc3.ohio.gov/>

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Ohio Cyber Collaboration Committee (OC3)

Education/Workforce Development Subcommittee:

Grow the workforce and improve the training and education of users and students in cyber security by:

- Encouraging individuals of all ages to consider cyber security as a career, help individuals to further develop their cyber security skills at the K-12 and higher education level or as adult learning.
- Identifying critically needed skills and developing training and educational paths to meet the growing need for skilled workers in the cyber security field. Giving students the hands-on experience needed to be ready to work on day one.
- Training users/students at all levels in good, age appropriate, cyber hygiene and best cyber security practices.
- Provide educators the skills and tools needed to support this growing workforce.

<https://www.oc3.ohio.gov/>

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Ohio Cyber Collaboration Committee (OC3)

Ohio Cyber Range/OCRI:

Provide a secure cyber security test and training environment, known as a cyber range, to:

- Support the education of students at the K-12 and University level.
- Conduct cyber security exercises and competitions to hone cross organizational incident response capabilities and develop future cyber security professionals.
- Research and test industry-standard best practices, evaluate and test innovative technologies and processes.
- Enable a training environment for the current and future cyber security workforce, including National Guard personnel, state and local government personnel, faculty and students in the education community, and private sector entities.
- Provide a Cyber Portfolio for learners, and support internships.
- Will be able to connect from any location with OARnet access.

<https://www.oc3.ohio.gov/>

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Ecosystem

Regional Programming Centers

- Bowling Green State University
- Cedarville University
- Cin-Day Cyber at SOCHE
- Cleveland State/Case Western IoT Collaborative
- Cuyahoga Community College
- Kent State University
- Lorain County Community College
- Miami University
- Ohio State University
- Ohio University
- Owens Community College
- PAST Foundation
- Rio Grande Community College
- Shawnee State University
- Stark State College
- Tiffin University & Findlay Partners
- University of Akron
- University of Cincinnati
- University of Dayton

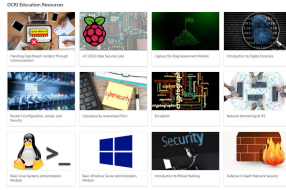


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UNLOCKING POTENTIAL. SECURING THE FUTURE.
POWERED BY UNIVERSITY OF CINCINNATI

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OCRI Education Module Library

- A collection of learning materials
 - Instructional materials
 - Assessment materials
 - Hands-on component
- Geared towards K-12, Higher Ed, and/or Workforce Development
- Developed to be shared
 - Choose parts to develop your own courses
 - Build upon what others have created
 - Contribute and collaborate



<https://www.ohiocyberberrangeinstitute.org/>

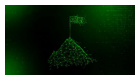


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OpFor v Blue Pilot Exercise:

Capture the Flag (CTF)

Red Team vs. Blue Team



<https://www.ohiocyberberrangeinstitute.org/>

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OC3 Cyber Protection Subcommittee

Deliverables

- Ohio Cybersecurity Strategic Plan
- K-12 Cyber Challenge – **IN PROGRESS**
- OC3 Website Development
- Cyber TTX Exercises – **IN PROGRESS**
- Cyber Toolkit / User's Guidebook of Best Practices – **IN PROGRESS**
- Mock Cyber Incident
- Cyber Risk Assessment
- Best practices/public awareness
- Ransomware Awareness Campaign

<https://www.oc3.ohio.gov/>



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The Ohio Cyber Reserve

Bringing Cyber Talent to the Fight

<https://ohcr.ohio.gov/>



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The Ohio Cyber Reserve

The Need for a Cyber Reserve

- Ohio's cyber experts are understaffed and over missioned
 - DAS
 - ONG
- Small governmental entities do not have the resources or expertise to deal with cyber threats
 - Entities need help with assessments and best practices, as well as assistance when a cyber event occurs
 - Townships, villages, small cities, and smaller counties, eligible nonprofits
 - First responders, city services and utilities, Boards of Elections, public data
- Critical infrastructure needs more protection, especially smaller utilities and emergency services
- K-12 educators are typically not cyber security experts
 - They need help setting up cyber programs and cyber clubs within Ohio's high schools and junior high schools
 - Students need mentors who can inspire them and show them the pathways to a cyber career
- Ohio needed a way to tap into the wealth of cyber talent that exists throughout the state and connect that talent to the needs of Ohio, but in a way that is sustainable from a budget perspective

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The Ohio Cyber Reserve

The Ohio Plan

- Created a volunteer firefighter style Cyber Reserve made up of trained civilians nested under the Adjutant General's Department
- Legislatively modeled after the Ohio Military Reserve ORC Chapter 5920
- The Adjutant General's Department has developed appropriate policies to support and regulate the teams
 - Members are volunteer civilians subject to state call up in a cyber emergency to support the Ohio National Guard's cyber response efforts
 - While in training status, volunteers are not be paid, but when activated will be paid as state civilian employees
 - Volunteers are vetted with appropriate background checks, training requirements
 - Volunteers are organized into regionally based teams
 - The teams are provided training, equipment and IDs and work out of ONG armories
 - When fully trained and certified will be available for call up to assist in cyber response
 - Volunteers who are not fully trained, but who have been vetted can be used to support student mentoring efforts under the Ohio Cyber Collaboration Committee (OC3)

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The Ohio Cyber Reserve

OhCR Mission Set

- Assist** - While in a volunteer status, the Cyber Response Teams will provide outreach, training, education, and security assessments to eligible governmental entities and critical infrastructure to reduce cyber vulnerability and increase resiliency.
- Educate** - While in a volunteer status, the Cyber Response Teams will assist K-12 educational efforts supporting cyber clubs and mentoring students in support of the Ohio Cyber Collaboration Committee's (OC3) Education and Workforce Development efforts.
- Respond** - When called to paid state active-duty status, the Cyber Response Teams, under the direction of the Adjutant General's Department will be available to respond to cyber incidents at eligible governmental entities and critical infrastructure.

<https://ohcr.ohio.gov/>



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The Ohio Cyber Reserve

Want to be a member?

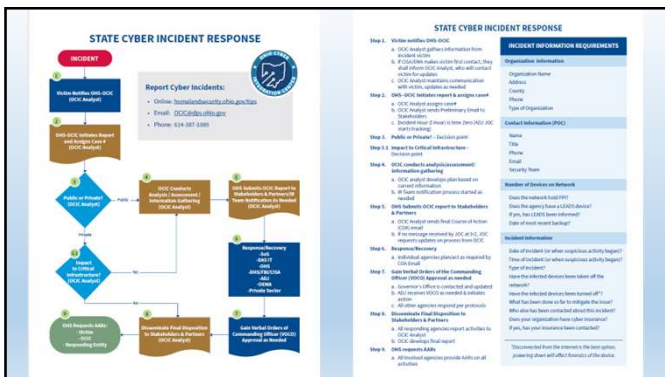
To join the OhCR or request assistance, go to <https://ohcr.ohio.gov/> or email: OhioCyberReserve@ucmail.uc.edu

For more information contact:


Craig Baker
Program Administrator,
Ohio Cyber Reserve (OhCR)
2825 W Dublin Granville Road
Columbus Ohio 43232-2789
O: 614-336-7992
Craig.w.baker2.nfg@army.mil



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Other Pending State Programs:

- State aggregate purchasing program
- .GOV migration
- Local Cyber Protection Grants



<https://www.oc3.ohio.gov/>
<https://cyber.ohio.gov/>

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LOCAL GOVERNMENT CYBER GRANTS

The Infrastructure Investment and Jobs Act (IIJA) included provisions for SLCGP (State and Local Cybersecurity Grant Program) to address cyber risks and threats to the information systems of state, local, or tribal governments. State of Ohio is matching with over \$10 million in-kind contributions.

Round 1: \$7million – Closed in September


Round 2: Estimated \$5 million – Spring 2025
 Helping local governments purchase cybersecurity software, transition to a Dot Gov, and targeting collective defense arrangements.

Local government cybersecurity grants (Helps Defend and Recover)

Local government Dot Gov Domain Transition (Protects Websites and Prevents Fraud)

<https://cyber.ohio.gov/>



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Scalability of OC3 Efforts

Ohio Persistent Cyber Improvement (O-PCI)

Senior Leaders Brief



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| Gateways | | | | | | | | |
|------------------|---|--|---------------------------------------|--|----------------------------|---------------------------------------|--------------------|--------------------------------|
| Gateway 1 (Core) | | | Gateway 2 (Standard) | | | Gateway 3 (Advanced) | | |
| Classes | Products/actions | End Point | Classes | Products/actions | End Point | Classes | Products/actions | End Point |
| All Users | Cyber Awareness | Annual Cert | Cyber Awareness | Annual Cert | Cyber Awareness | Annual Cert | | |
| IT Professionals | Cyber 101 Cyber Inventory Best practices/NIST Internal Auditor | OHCR visit and review AAR | Cyber 102 | Cyber anticipation/response recovery plan Continuity of Effort Plan TTX SOP/OPPLAN Plan Manager | Usable Plans TTX AAR | Cyber 103 | Red on Blue X plan | Complete Red on Blue AAR |
| Managers | Cyber 101 | Cyber Inventory Best practices/NIST Internal Auditor | Cyber 102 | Cyber anticipation/response recovery plan Continuity of Effort Plan TTX SOP/OPPLAN Plan Manager | Usable Plans TTX AAR | Cyber 103 | Red on Blue X plan | Complete Red on Blue AAR |
| C-Suite | Cyber 101 Legal/Risk management | Internal Auditor Review Provide resources | Cyber 102 Legal/Risk management | Cyber anticipation/response recovery plan Continuity of Effort Plan TTX SOP/OPPLAN Plan Manager | Org. Badge | Cyber 103 Legal/Risk management | Red on Blue X plan | Org. Badge |

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OHIO PERSISTENT
CYBER IMPROVEMENT



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Cybersecurity Frontline First Aid Kit (CFFAK)

- What is the Cybersecurity Frontline First Aid Kit (CFFAK)?
- The CFFAK is an online resource that guides Ohio local governments through basic cybersecurity actions such as asset inventory, data classification, updating software, implementing strong passwords, and educating staff about common threats.
- It provides immediate, actionable steps to enhance security and serves as a precursor to the more comprehensive O-PCI program. By implementing better practices contained in the CFFAK, you can advance your government's efforts towards robust cybersecurity, ensuring the protection of public services and maintaining public trust.

cyberrangeinstitute.org/opci

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Cybersecurity Frontline First Aid Kit (CFFAK)


- How do I access this resource?
- To access the CFFAK, identify the organizational lead that will complete cybersecurity action steps by completing the form at ohiocyberrangeinstitute.org/cffak. Completing this form prompts us to create an account for you on our online learning platform.
- Note: The organizational lead is often the IT Director, Manager, or equivalent. However, if your organization does not have a person in that role, it can be a department head, manager, or the designated liaison to a third-party IT vendor that you use.
- www.ohiocyberrangeinstitute.org/cffak

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OHIO PERSISTENT
CYBER IMPROVEMENT




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ADVANCING CYBER DEFENSE

Cybersecurity Frontline First Aid Kit (CFFAK)

- **What happens next?**
- You'll receive a welcome e-mail from our online learning platform that will grant you access to the Cybersecurity Frontline First Aid Kit. We use this platform to organize the resource so that it is accessible and easy to apply in your work.
- The learning platform is located at learn.ohiocyberangeinstitute.org
- As you navigate through this resource, you will often see the Ohio Persistent Cyber Improvement (O-PCI) design. The Cybersecurity Frontline First Aid Kit is a first step towards better cybersecurity, but we encourage all local governments in Ohio to complete the comprehensive O-PCI program that includes training for all the staff in your organization, from frontline workers to executives.


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OHIO PERSISTENT
CYBER IMPROVEMENT

Serving Ohio's Public Servants



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ADVANCING CYBER DEFENSE

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OHIO PERSISTENT
CYBER IMPROVEMENT



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Overview


- **Ohio Persistent Cyber Improvement (O-PCI) Purpose**
 - Supporting local government entities and their staff in all of Ohio's 88 counties in building and sustaining their capacity to anticipate, adapt, withstand and, when necessary, recover from cyber aggression.
- **Delivered at no cost to Ohio-based Local Government Entities (LGE)**
 - Funded through the Cybersecurity and Infrastructure Security Agency (CISA) and the State of Ohio.
- **Persistent Cyber Improvement Model**
 - Includes a blend of online, hybrid, and in-person modules that are tailored to local government entities of all sizes as well as to the range of organizations that have a strong cybersecurity posture and those that are actively developing in this critical space.

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OHIO PERSISTENT CYBER IMPROVEMENT




OHIO CYBER RANGE INSTITUTE

How to Participate


1. Register at: <https://www.ohiocyberrangeinstitute.org/opci>
2. County leadership will meet with OCRI staff to initiate the onboarding process, including review of training requirements, timeline, and review of Memorandum of Understanding (MOU), Non-Disclosure Agreement (NDA), and other required documentation.
3. Interested local government entities within a county will be onboarded into O-PCI through a combination of outreach by county leadership and OCRI staff to establish county-based cohorts of training participants.
4. Training begins on a mutually agreed upon start date once a cohort of local government entities are onboarded, MOU and NDA agreements are completed, and dependent on OCRI capacity.

[cyberrangeinstitute.org/opci](https://www.ohiocyberrangeinstitute.org/opci)

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OHIO PERSISTENT CYBER IMPROVEMENT



OHIO CYBER RANGE INSTITUTE

More Information

- Visit [ohiocyberrangeinstitute.org/opci](https://www.ohiocyberrangeinstitute.org/opci)
 - All handouts are available on the site
 - 30 Minute webinar from December 2023 posted with FAQs
- **Reach out to your county government officials**
 - Interest from: Hocking, Jackson, Mercer, Fairfield, Holmes, Portage, Tuscarawas, Miami, Hamilton, Morrow, Lake, Ashtabula, Summit, Scioto, Cuyahoga, Lucas, Mahoning, Knox, Henry, Union, Washington
- **Connect with Us!**
 - [linkedin.com/company/ohio-cyber-range-institute/](https://www.linkedin.com/company/ohio-cyber-range-institute/)

[cyberrangeinstitute.org/opci](https://www.ohiocyberrangeinstitute.org/opci)

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Ohio Cybersecurity for Small Business

Free cybersecurity training for all Ohio small businesses, created by The Ohio State University experts and funded in part by a grant from the U.S. Small Business Administration.

Course Benefits:

- Enhance cybersecurity skills to **prevent, detect and respond to cyber threats**
- Improved ability to **safeguard sensitive data and systems**
- **Reduced risk of financial and reputational damage** from cyberattacks
- **Strengthened resilience and competitiveness** in the digital landscape





240+ businesses have signed up and are in the process of certifying their employees.

Sign up here:
<https://osocybered.org>

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Ohio Cybersecurity for Small Business Course Overview

Gateway 1 of the cybersecurity training course provides a comprehensive overview of **essential cybersecurity principles** tailored for small business employees.

It focuses on **best practices**, **risk mitigation strategies**, and **foundational tools** to strengthen a business' cybersecurity posture.

Material covered in Gateway 2:

- Ohio Data Protection Act
- Regulatory compliance
- **Crown Jewel** and risk assessment
- Implementing controls and policies
- Additional **in-depth information** of Gateway 1 modules

Both Gateways include **assessments and practical resources**, such as **detailed supplements** to help businesses develop **robust cybersecurity plans**. These include tools for creating **incident response plans**, conducting **security audits**, ensuring **continuity of operations**, and **more**.

Successful completion of Gateways 1 and 2 provides companies with artifacts to reach **CMMC** (Cybersecurity Maturity Model Certification) **Level 1 compliance**, positioning businesses to meet **essential cybersecurity standards**.



Sign up here:
<https://osucybered.org>

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Resources you can use

- OC3 – <https://www.oc3.ohio.gov>
- Ohio Cyber Range – <https://ohiocyberrangeinstitute.org>
- Ohio Persistent Cyber Improvement - <https://www.ohiocyberrangeinstitute.org/opci>
- Ohio Cyber Reserve – Respond - use ema process (Assist/Educate - OhioCyberReserve@ucmail.uc.edu) Join - <https://ohcr.ohio.gov/>
- Ohio Homeland Security - <https://homelandsecurity.ohio.gov/our-programs/ohio-cyber-program/ohio-cyber-program>
- Cyber Ohio - <https://cyber.ohio.gov/>
- CISA – <https://www.cisa.gov>
- FBI/NSA/Secret Service
- NIST – <https://www.nist.gov>
- NICE - <https://niccs.cisa.gov/workforce-development/nice-framework>
- Trusted vendors
- **Secure your home** - <https://www.nsa.gov/Press-Room/News-Highlights/Article/Article/3304674/nsa-releases-best-practices-for-securing-your-home-network>



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Ohio Cyber Collaboration Committee (OC3)

OC3 is supported by a "whole of government" approach to ensure its success. Primary sponsors are the Adjutant General's Department/Ohio National Guard, the Department of Higher Education, The Department of Education, The Department of Administrative Services, The Department of Public Safety, and The Department of Transportation.

OC3 has over 120 organizations who are active members who support the OC3 mission and objectives

<https://www.oc3.ohio.gov/>

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OHIO CYBER COLLABORATION COMMITTEE (OC3)

Ohio's cyber community working together to help Ohio's citizens and organizations achieve world class cyber security

Points of Contact

Primary

Mark Bell
Cyber Security Outreach Coordinator
2825 W Dublin Granville Road
Columbus Ohio 43232-2789
Phone 614-336-4903
Mobile 614-256-2391
Mark.a.bell16.nfg@army.mil



Cybersecurity Skills Crisis

Too Many Threats

- 62% of U.S. companies have experienced a cyber security incident in the last 12 months
- 1 in 5 companies have experienced a data breach in the last 12 months
- US 3 TRILLION DOLLARS IN CYBER SECURITY SPENDING
- 2.5 BILLION DOLLARS IN CYBER SECURITY SPENDING IN THE FIRST 9 MONTHS OF 2024

Too Few Professionals

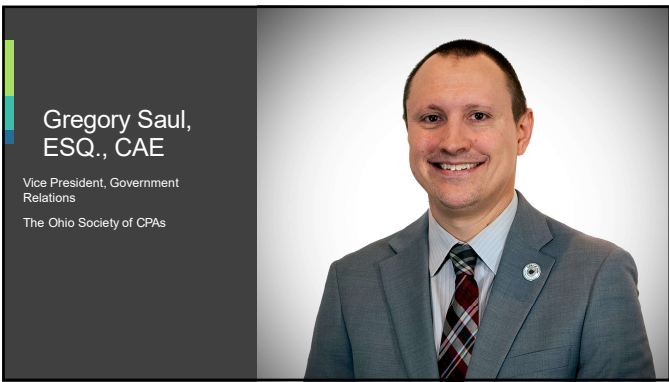
- 0% of U.S. companies have a dedicated cyber security team
- 62% of U.S. companies have a dedicated cyber security team
- 1 MILLION CYBER SECURITY PROFESSIONALS IN THE U.S.
- 53% of U.S. companies have a dedicated cyber security team

Alternate

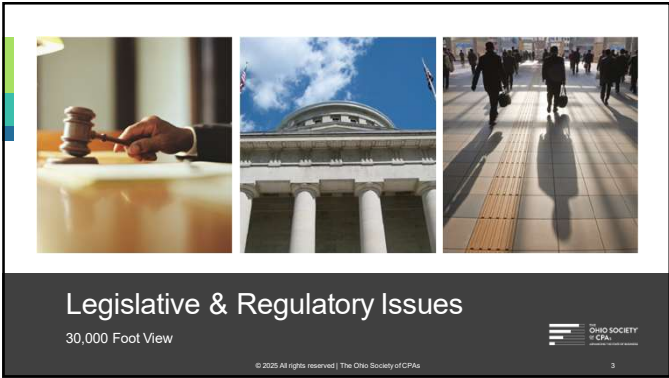
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2825 W Dublin Granville Road
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O: 614-336-7992
Craig.w.baker2.nfg@army.mil



1




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3

1



OHIO'S ECONOMIC ENVIRONMENT

- July 2025 unemployment rates
 - Ohio: 5.0%
 - National: 4.2%
- State budget FY26 (July 1, 2025 – June 30, 2026)
 - FY20: deficit of \$1.1 Billion
 - FY21: surplus of \$1.54 Billion (6.2% above estimates)
 - FY22: surplus of \$2.7 Billion (10.6% above estimates)
 - FY23: surplus of \$994.2M (3.6% above estimates)
 - FY24: deficit of \$484.6M (-1.7% below estimates)
 - FY25: surplus of \$1.04 Billion (3.7% above estimates)
- Ohio's Rainy-Day Fund: record balance of \$3.94 Billion
 - HB 33 increased from 8.5% to 10% of GRF revenues from prior FY
 - <https://checkbook.ohio.gov/State/Resources/BSF.aspx>



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Ohio Biennial Budget Bill

An overview of Ohio's spending priorities




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Ohio Budget Timeline: House Bill 96



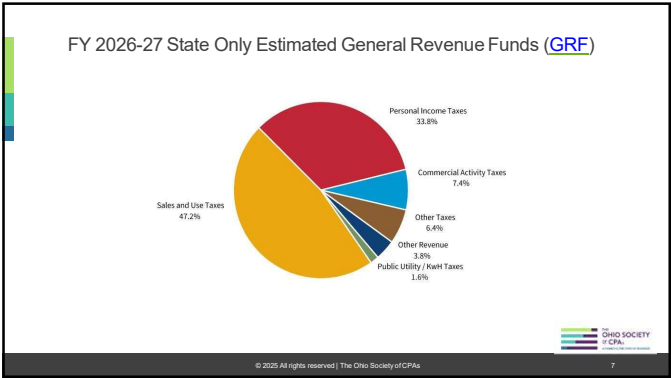
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graph LR; A[Ohio House Passage: April 9] --> B[Ohio Senate Passage: June 11]; B --> C[Conference Committee Agreed: June 25]; C --> D[Governor Signed: June 30]; D --> E[Governor 67 Line-Item Vetoes: July 1]; E --> F[Ohio House Veto Override: July 21]; F --> G[School District Property Tax Levy Restrictions];
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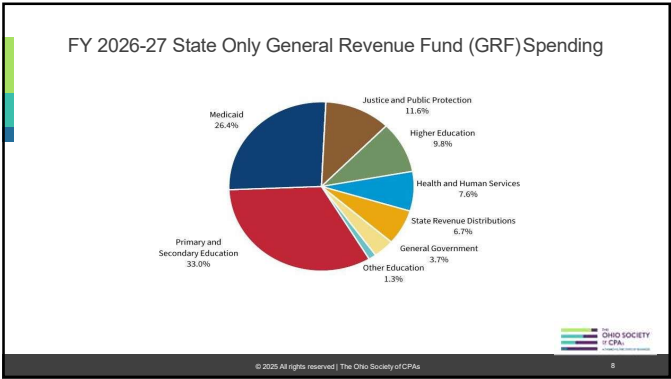
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Current Tax Expenditures

01. Defined as credits, deductions, exemptions to the sales, income, CAT, other taxes

02. In the 2025 report there were 177 tax expenditures.
2023: 154
2021: 138
2019: 134
2017: 129
FY27 impact nearly \$13 Billion.

03. OSCPA position: Each should be evaluated periodically to ensure it is meeting established goals

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Property Taxes

The Joint Committee on Property Tax Review and Reform on Jan. 2, 2025 [released its final report](#)

- The report issued [21 recommendations](#)

Other issues the legislature may tackle during this two-year GA (2025 – 2026) are housing, childcare, artificial intelligence, municipal income tax, and further state tax reform



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Governor's Property Tax Workgroup

Goal: Examine issues related to providing meaningful property tax relief to homeowners and businesses (ensuring funding for local schools, police, etc.)

Members: [Co-chaired](#) by two former legislators (Tiberi and Seitz), a county treasurer and county auditors, superintendents, and county commissioners

Report: Will be issued by Tuesday, September 30

Vetoed Property Tax Items

Item #55
Property Tax: County Budget Commission Authority and Procedure

Item #53
Cash Balance Carry-Over

Item #65
20-Mil Floor Calculation

Item #66
School District Property Tax Levy Restrictions


Overridden by Ohio House

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OHIO HOUSING CRISIS

- Senate Select Committee on Housing [Official Report](#) released April 2024
- Key Findings from multiple hearings around Ohio:
 - Transparency needed in the market to identify trends
 - Building permits take too long, often cost too much. Government gets in its own way.
 - Significant demand but low supply. Competition can help control rent costs
 - Local zoning an issue
 - Transaction transparency needed on out-of-state owners (rentals)
- Recommendations:
 - Providing consumer protection for renters and homebuyers
 - Alternative forms of housing- i.e. manufactured homes, tiny homes
 - Create TIMBY campaign (YES in my backyard)
 - 4 bills introduced: zoning, property tax, housing laws – won't happen overnight



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JOBS ISSUE: OHIO CHILD CARE


Cost, availability are major barriers to workforce access

- House Bill 41: establishes childcare grant programs
- House Bill 2: creates the Child Care Cred Program with \$10 million in FY 2026

- Gov. DeWine's Child Care Access Grants released 4/2024 designed to:
 - Increase capacity by creating new & Expanding existing programs
 - Complete building repairs
 - Provide additional training to staff, families to support children with special needs

\$85M in grants:

- New Center Start-Up- up to \$500K for centers, pre-schools, school age
- Program Expansion- up to \$50K for centers, pre-schools/schools
- Family Child Care- up to \$25K
- Increase special Needs capacity



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Distribution of Costs

- Employees- 40%
- Employers- 40%
- Department of Children and Youth (DCY)- 20%

Employee Eligibility

- Maximum family income does not exceed 400% of the federal poverty line
- Reside in Ohio
- Be selected by the employer

Employer Eligibility

- Located in Ohio
- Select 1 or more employees to participate in the program


Participation

- Employee and employer submit an application to DCY together

Child Care Cred Program




Goals

- Enable employers to attract and retain talent
- Assist employees with child care costs
- Sustain the businesses of child care providers




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Other State Issues

Enacted



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ENACT SALT CHANGES: [HB 96 \(Budget Bill\)](#)

- Personal Income Tax: [TAXCD103](#)
 - 2025: 2 brackets, rates 2.75% and 3.125% over \$100K
 - 2026: flat tax of 2.75% over \$26,050
 - Eliminates marriage tax penalty
- ODT [new employer withholding tables](#)
 - FY26: no more than \$100M forgone
 - FY27: no more than \$215M forgone
- PTE multi-tier fix for SALT cap: [TAXCD74](#)



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[TY 2025](#) – 2026 TaxTables

| Nonbusiness Income Bracket | Tax Year 2025 | Tax Year 2026 & after |
|----------------------------|---------------|-----------------------|
| \$0 - \$26,050 | 0 | 0 |
| \$26,051 - \$100,000 | 2.75% + \$342 | 2.75% + \$332 |
| Over \$100,000 | 3.125% | 2.75% |

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Commercial Activity Tax (CAT) Changes



- Original Proposal: 25% overall rate cut (0.195)
- 2024: exempts first \$3 Million of gross receipts
- 2025: exempts first \$6 Million of gross receipts
- Annual Filing & AMT [eliminated effective 1/1/2024](#)
- Cancel CAT accounts
 - Cancellation date must be back dated to 12/31/2023
- ODT released [official guidance](#) and updated [IR CAT 2005-12](#) on combined vs. consolidated filing

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What's Next.


2023:

- Taxpayers with taxable gross receipts not exceeding \$3 million
- Generally, taxpayers will cancel accounts effective 2/3/2023.
- File a final return for 2023.
- For annual filers, the deadline is 5/10/2024.
- For quarterly filers, the deadline is 7/10/2024.

2025:

- Taxpayers with taxable gross receipts not exceeding \$6 million
- Generally, will cancel accounts effective 12/31/2025.
- File a final return for:
 - Quarterly filers, the deadline is 2/10/2026






Department of
Taxation

10

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OSCPA 2022 PRIORITIES ENACTED INTO LAW

- **BID and Business Sales (House Bill 515)**
 - Clarifies that residents' gains from the sale of an ownership interest in a business is considered business income for Ohio income tax purposes (BID).
- 1) A sale treated for federal income tax purposes as the sale of assets OR
- 2) Where the seller materially participated in the activities of the business during the year of the sale or any of the 5 preceding tax years
- Became law on Sep. 23, 2022, and it is a remedial measure clarifying existing law so it can be applied to current audits and amended returns.
- See slides 7-14 of [OVRTA first session](#)




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OSCPA 2022 PRIORITIES ENACTED INTO LAW

- **Salt Deduction Cap Parity (Senate Bill 246)**
 - Authorizes a PTE owner to claim a refundable credit against the owner's Ohio income tax liability equal to the owner's proportionate share of the tax paid by the PTE.
- [Map of states](#) with pending or enacted legislation; SB 246 became law on 9-13-2022
- [ODT guidance](#) released, [including 41 FAQs](#)
- See slides 5-13 of [OVA second session](#) and slides 21-23 of the [first session](#)





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RESIDENT TAX CREDIT

- House Bill 200: OSCPA successfully advocated for a resident tax credit that will modify the income tax treatment of income subject to other states' PTE taxes
 - The Ohio Senate amended HB 200 into HB 33
 - See the column on the right called "Credit for Other State PTEs"
- To claim the resident tax credit, a PTE investor is required to add back SALT PTE taxes imposed by another state that the investor deducts from federal AGI as a business expense to the taxpayer's Ohio AGI.
 - See [ODT's FAQ #1](#) under Income – Ohio Residency and Residency Credits
 - See [ODT's tax alert](#) issued on Oct. 12, 2023
- These provisions are effective for taxable years ending on or after January 1, 2023, but taxpayers are allowed to apply, at their option, the provisions to taxable years ending on or after January 1, 2022, with an amended or original return.



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Multi-Tier PTE Ownership

o H.B. 96 ([TAXCD74](#)): allows multi-tiered pass-through entities (PTEs that own other PTEs) to claim the electing PTE tax credit on the IT 4738 or the IT 4708

- Permits upper-tier PTEs to file returns to claim credit for tax paid by lower-tier PTEs
- When there are tiered levels of PTE ownership, the credit mechanism that was previously in Ohio law restricted many businesses' ability to save federal income tax
 - The practical effect forced each PTE level to pay a direct tax in a duplicative manner causing cash-flow concerns
- Applies to taxable years ending on or after Jan. 1, 2025
- Fixes issues raised by the three scenarios in [ODT's FAQ #35](#) diagram



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PTE Quarterly Payment Due Date Changes

H.B. 96 – [TAXCD58](#): applies to the electing (IT 4738) & withholding (IT 1140) PTE taxes

Q1

April 15, 2026

Q2: **CHANGE**

FROM: July 15, 2026

TO: **June 15, 2026**


Q3: **CHANGE**

FROM: October 15, 2026

TO: **September 15, 2026**

Q4

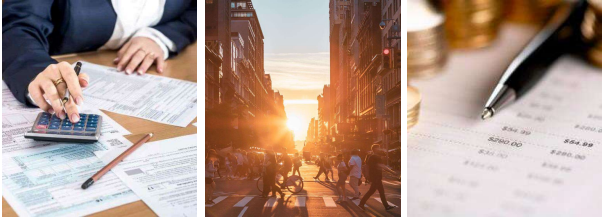
January 15, 2027



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Other Issues

Still Pending




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BONUS DEPRECIATION

- [House Bill 69](#): amended into HB 33 in 2023 prior to House passage, but the Ohio Senate removed this provision.
 - First hearing in House Ways & Means Committee on March 19
- Allows taxpayers to deduct in a single year the full bonus depreciation and enhanced expensing allowances the taxpayer deducts for federal income tax purposes.
- Creates an election allowing taxpayers to eliminate the 5/6 addback and phase out subtraction.




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OHIO PERSONAL INCOME TAX

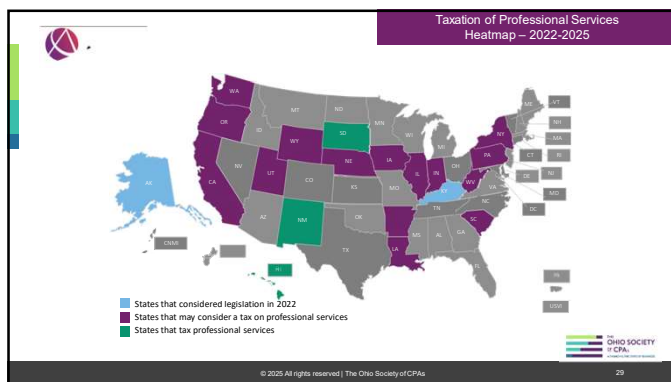
- [House Bill 199](#) (135th GA): repeals the Marriage Tax Penalty
- Permits married taxpayers filing a joint state income tax return to claim an enhanced joint credit that would effectively allow the couple to reduce their tax liability to no more than they would owe on a combined basis from filing separately.
- Proposed credit: difference between taxpayers' tax when filing jointly, prior to calculating the credit, and combined tax liabilities if filed separately.
- Odds for passage: challenging due to the cost. Scored at \$734 million per FY (annual loss equal to 7% of income tax receipts).




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MUNICIPAL INCOME TAX REFUNDS


- Temporary withholding fix from 2020 not intended to apply to wage taxability
- HB 110 (2021 budget bill) requires 2021 refunds
- Courts decided 2020 refunds
- Pre-pandemic withholding resumed Jan. 1, 2022



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MUNICIPAL INCOME TAX ISSUES


- [Download our withholding FAQ guide:](#)
TY22 location where the employee is physically working, just as pre-pandemic law
- Minors Exempt from Municipal Income Tax: HB 33 exempts individuals under the age of 18 for taxable years beginning on or after Jan. 1, 2024



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Municipal Income Tax Refunds?

- 2020 temporary withholding fix (HB 197) was not intended to apply to wage taxability
- HB 110 (2021 budget bill) required tax year 2021 refunds
- [Schaad v. Alder](#): Ohio Supreme Court denies 2020 refunds
 - OSCPA filed an [amicus brief](#) on August 10, 2022
 - Case [denied](#) on Feb. 14, 2024




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H.B. 96: New Municipal Income Tax Laws

[TAXCD119](#) and [TAXCD72](#)




Extends nonprofit taxpayers' initial due date of their municipal net profit tax filing from April 15 to May 15 to match the non-extended federal due date.



Permits taxpayers who receive a filing extension to file municipal income tax refund claims within three years after the date of the overpayment, or the date the return was due, including any valid extension, whichever is later.

Applies to 990-T returns required to be filed on or after Jan. 1, 2026.




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MUNICIPAL EXTENSIONS & LATE FEES

- [HOUSE BILL 105](#): Amended into HB 33 prior to House passage
 - Passed the Ohio House unanimously by a vote of 88-0 on May 24
 - HB 33 also **extends due date for filing municipal net profits tax returns from Oct. 15 to Nov. 15**
 - These new laws apply to taxable years ending on or after January 1, 2023
- Limits the circumstances under which municipal income tax inquiries or notices may be sent to a taxpayer who has received a **filing extension** (typically from April 15 to October 15)
 - Municipal tax administrators can send an inquiry or notice only if they have actual knowledge that the taxpayer did not actually file for a federal or municipal income tax extension
- Limits the late fees that may be imposed on a taxpayer for failing to **timely file** municipal income tax returns
 - Caps the late filing fee at \$25, rather than the \$150 cap in current law
 - The taxpayer's first late filing fee shall be refunded or abated




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NET PROFITS TAX SAFE HARBOR

- [HOUSE BILL 121](#): the Ohio Senate amended HB 121 into HB 33
 - Passed the Ohio House unanimously by a vote of 93-0 on June 14
- Allows businesses with remote/hybrid employees or owners to use a modified apportionment formula.
- Provides the following: when an employee or owner works at a remote work location, the business may elect to apportion any property, payroll, or sales (gross receipts) attributable to that employee or owner to a designated location owned or controlled either by the business or one of its customers.
- [The election](#) for this alternative appointment formula will be available for taxable years ending on or after Dec. 31, 2023. HB 33, Sec. 803.240.



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MUNICIPAL NET PROFITS TAX

- [House Bill 228](#): passed the House and Senate unanimously on 10/27/21; signed by Governor on 11/8/21 - effective Feb. 7, 2022
- Two changes, among others, to [ODT's centralized collection](#) process of the municipal net profits tax:
- Extends the taxpayer's deadline to opt in or opt out of state administration to the fifteenth day of the fourth month of the taxpayer's taxable year – a date which coincides with the due date of the taxpayer's first estimated tax payment.
- Requires ODT to notify municipal corporations via the web portal when a taxpayer opts into or opts out of state administration in lieu of taxpayers being required to notify ODT and all municipal corporations in which they do business.



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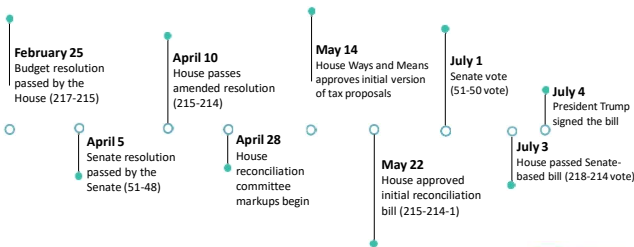
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FEDERAL ISSUES



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OBBS Timeline



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Tax reform legislation Wins

Pass-through entity tax (PTET)
SALT deductions

Section 199A qualified
business income deduction

100% bonus depreciation

Section 174 R&E expenditures

Section 163(j) business
interest deduction

Section 529 accounts

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Bipartisan Bill: Disaster Relief

- A bipartisan measure, [H.R. 517 \(119\)](#), passed Senate by unanimous consent and was signed by President Trump on July 24, 2025
- Allows IRS to grant tax relief when a governor declares disaster or state emergency rather than waiting for a federal disaster declaration
- Authorizes the IRS to postpone federal tax deadlines upon written request by the state's governor
- Applies to declarations made after the date the law is enacted.
- Increases automatic extension to 120 days from 60 days

"This bill will allow those impacted by a natural disaster to have certainty that tax filing deadlines will be extended earlier in the process, and sometimes before the disaster occurs, so they can focus on their safety," said Mark Kozak, the president of the American Institute of CPAs.

Disaster relief done — what next?

By BERNIE BECKER | 07/14/2025 10:00 AM EDT

WELL, LOOK AT THAT: It wasn't exactly a uniform, but something relatively uncommon happened last week — Congress enacted a narrow, uncontroversial tax provision.

With good reason, too: The Senate cleared a bipartisan measure, H.R. 517 (119), by unanimous consent Thursday that would offer quicker relief from tax filing deadlines for those affected by natural disasters, in large part in response to the deadly flooding in Texas.

In essence, the measure empowers the IRS to offer filing relief to taxpayers in areas where a state has declared an emergency. Until now, the agency could delay filing deadlines only for disasters declared by the federal government, which can take longer to materialize.

Sen. Catherine Cortez Masto (D-Nev.), one of the measure's sponsors, [noted that](#)

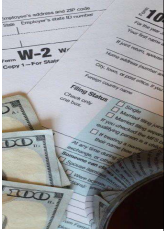
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Taxpayer Assistance and Service (TAS) Act Discussion Draft

- Crapo/Wyden release the [TAS Act discussion draft](#) on Jan. 30
- One of the most significant bi-partisan tax packages in recent year.
- Notable provisions included:
 - Preparer regulations
 - Sec. 504 Authority to Deny, Revoke, or Suspend Preparer Tax Identification Numbers.
 - True Quarterly estimated payment deadlines
 - Sec. 903 Quarterly Installments for Estimated Income Tax Payments by Individuals.
 - SAFE Act
 - Sec. 904 Establishment of a Failure-to-Pay Penalty Safe Harbor for Individuals.
 - The Mailbox rule
 - Sec. 905 Extension of Mailbox Rule to Electronic Submissions and Payments.



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FEDERAL LEGISLATION

- OBBB increases the threshold from \$600 back to **\$20,000 in gross payments AND over 200 transactions in a calendar year** for when individuals and entrepreneurs receive 1099-K tax forms after sales of goods online
- [IRS Nov. 26, 2024 relief](#): \$5,000+ threshold for tax year 2024; \$2,500+ in 2025; and \$600+ in 2026 and after
- [H.R.3566](#): Rep. Mike Carey's Simplify Automatic Filing Extensions (SAFE) Act of 2023, would waive the failure to pay penalty for individuals who timely pay (without regard to any extension) 125% of the amount of tax required to be shown on the person's prior year return by the due date



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The State of the CPA Profession



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Alternative Practice Structures (APS)

- H.B. 96 ([ACCCD3](#)): clarifies the ownership requirements for public accounting firms operating under an alternative practice structure (APS), such as an Employee Stock Ownership Plan (ESOP)
 - (1) reduces the percent of a firm's total equity interest that must be owned by Ohio permit or foreign certificate holders from 100% to 50%;
 - (2) requires more than 50% of the directors to hold an Ohio permit or a foreign certificate if a firm has a board of directors;
 - (3) requires 50% of any board of directors or trustees of an employee stock ownership plan to hold an Ohio permit or foreign certificate
- Changes references to ownership interests in a public accounting firm from "equity interest" to "equity interest or shares."



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Gov. DeWine Signs [H.B. 238](#) Into Law



- Strengthens existing interstate mobility laws by evaluating candidates on their individual professional status, eff. April 9
- Creates two pathways to licensure effective Jan. 1, 2026
- Enacted in over 20 states; other states are set to follow

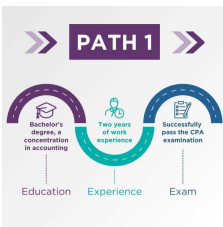


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Two Pathways to Licensure



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Transitional Rules

Measured based on law in place at the time the candidate sits for their first part of the CPA Examination:

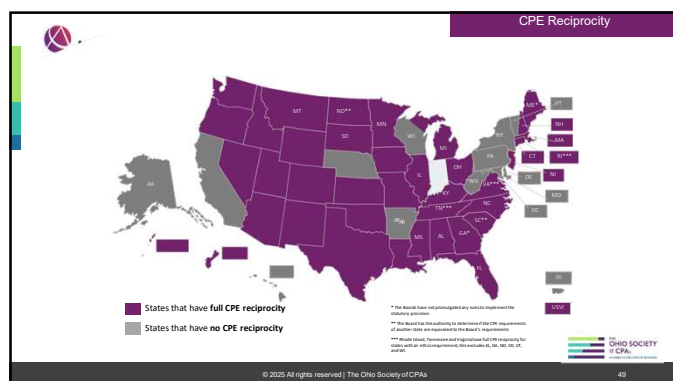
- Candidates that sit prior to 1/1/26 will need 150 credits + one year of experience
- Those that started sitting prior to 1/1/26 between 120 & 150 credits will need to complete 150 credits + one year of experience
- Those who have earned 150 credits and sit after 1/1/26 will need two years of experience to be licensed.

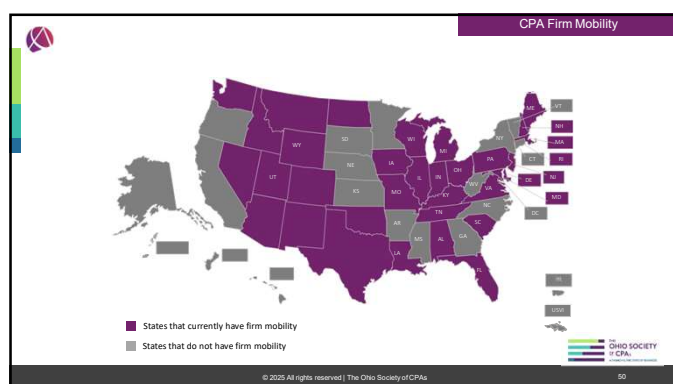


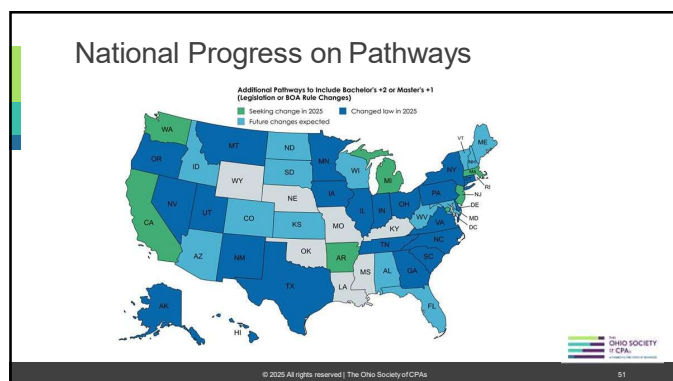
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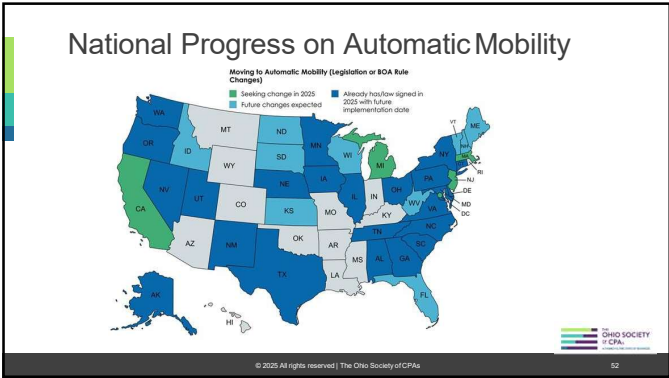
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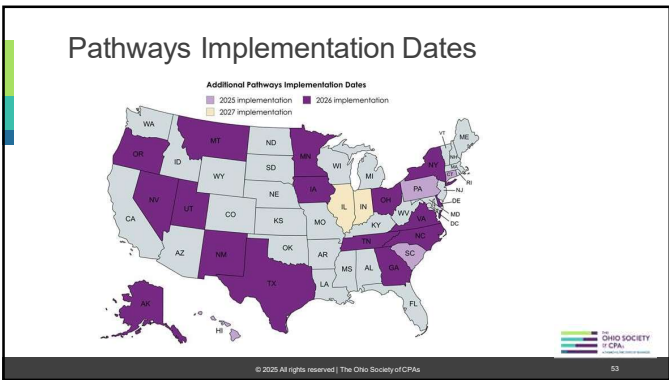




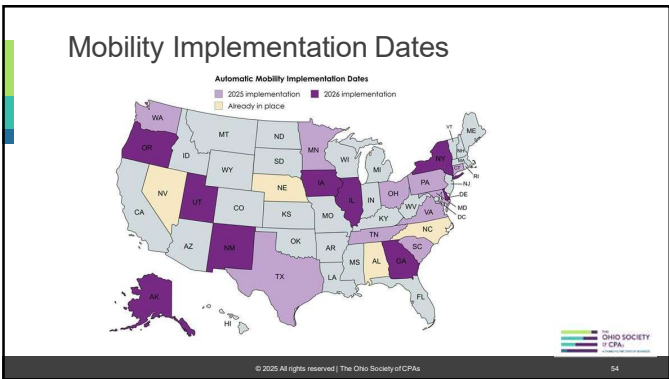




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OHIO AUDITOR OF STATE
KEITH FABER



USAS Manual


May 2025 Update

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1

1

Major USAS Manual Changes



Goals for USAS Manual Update Project

- Improve ease of use for School District Treasurers
- Improve reporting to Ohio Department of Education and Workforce
- Facilitate financial reporting process
- Improve audit efficiencies

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2

2

Understandability of the USAS Manual

Improve ability to identify the applicable required level of coding

- A red font indicates a summary code. Transactions should not be posted to summary codes.

Incorporate a glossary

Incorporate comparison of definitions (accounting vs legal)

Add an FAQ document on the Auditor of State's Website

- The FAQ guidance should be applied beginning July 1, 2025

Update Language

Note: Black text indicates verifying or clarifying current practice while red text indicates a new or updated practice.

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1

Accounting Functionality of the USAS Manual

Establish Predefined Special Cost Centers – General Fund Only

Eliminate Grant Funds for Grants No Longer Active

Update Fund Definitions and Account Codes for New GASB Pronouncements

Update Funds for Manner of Use Changes (Funds 014 and 016)

Update Various Funds

Update Fund Approval Process

Update Function, Object, and Receipt Codes

Note: Black text indicates verifying or clarifying current practice while red text indicates a new or updated practice.

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Release Date, Effective Dates & Action Items

The Updated USAS Manual was published and posted to the AOS Web-site in May of 2025. Appendix A of the May 2025 release of the USAS Manual identifies effective dates and “Action Item” guidance.

Unless a separate effective date is identified within the “Action Items,” the changes are effective for fiscal year 2026 reporting. Recording of these items in the school district’s day-to-day books should begin July 1, 2025. Fiscal year 2026 activity should be reported reflecting these changes for the entire fiscal year. Adjustments can be made during FY26, if needed; however, the activity of the entire fiscal year needs to reflect these changes.

Some changes identified as “Action Items” in the USAS manual will call for school districts to analyze certain activity and/or address certain items. For each of these action items, a specific completion date or effective date will be provided.

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Predefined Special Cost Centers

Having predefined special costs centers will allow us to accomplish three goals:

- Improve financial reporting by facilitating program revenue and restricted fund balance GAAP Basis financial reporting requirements.
- Improve audit efficiencies by creating more consistency among school districts which allows more electronic audit procedures to be developed.
- Improve reporting to Ohio Department of Education and Workforce by allowing them to capture certain expenditure details through cost center reporting rather than developing separate reporting mechanisms.

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Predefined Special Cost Centers

900X-999Z, within the **General Fund only**, will be assigned by the Auditor of State with input from the Ohio Department of Education and Workforce. Note: any special cost center combination that has a "9" as the first digit and an "X", "Y", or "Z" as the last digit (with any combination of characters as the second and third digits) should NOT be used by the school district unless directed by AOS/DEW.

General Fund Only

- 911X Disadvantaged Pupil Impact Aid
- 915X Career Technical Education
- 916X Gifted Education
- 917X English Learner Funding
- 918X Student Wellness and Success Funding

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Predefined Special Cost Centers

These special cost centers will account for restricted foundation revenue received from the Department of Education and Workforce (DEW).

- Amounts receipted into these new special cost centers will be limited to amounts identified by DEW on the foundation settlement sheets.
- The expenditures are intended to reflect only the expenditures of the restricted dollars received through DEW.
- Expenditures in excess of the funding received are not intended to be reflected in these special cost centers.
- A special cost center beginning with a nine is being used to identify any unspent restricted dollars at the end of the fiscal year.
- These special cost centers will facilitate reporting to DEW and are being used in place of setting up a separate special revenue fund.

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Predefined Special Cost Centers

These new special cost centers within the general fund are not considered separate funds and are not subject to the new fund approval process.

- No prior year unspent balances are required to be moved.
- Use will begin July 1, 2026.

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Grant Funds No Longer Active

400 & 500 funds being retired

There are quite a few funds still active in the USAS manual that relate to grant programs whose expenditure period has ended, or with grant programs that are no longer being funded. **The following funds should be analyzed and addressed by June 30, 2026.** These funds will not be available for use beginning July 1, 2026.



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Grant Funds No Longer Active

400 & 500 funds being retired

- 413 Post Secondary Vocational Education
- 414 Adult High School Education
- 416 Teacher Development
- 424 Children's Trust
- 426 Industrial Training Program
- 431 Gifted Education
- 440 Entry Year Programs
- 443 Summer School Remediation
- 450 SchoolNet
- 452 SchoolNet Professional Development
- 453 Telecommunity
- 459 Ohio Reads

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Grant Funds No Longer Active

400 & 500 funds being retired (continued)

- 460 Student Intervention
- 463 Alternative Schools
- 464 School Improvement Models
- 466 Straight A
- 496 School Building Assistance Limited
- 498 Capital Improvements CAP (H.B. 810)
- 502 School to Work
- 506 Race to the Top
- 510 Coronavirus Relief Fund (CRF)
- 533 Title II D - Technology
- 537 Title I School Improvement Stimulus G
- 542 Nutrition Education and Training Program

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Grant Funds No Longer Active

400 & 500 funds being retired (continued)

- 573 Title V - Innovative Education Programs
- 583 Emergency School Repair
- 591 Early Learning Initiative

Note: This process could apply to special cost centers within funds 499 and 599 where the state or federal grant program's expenditure period has ended, or the grant program is no longer being funded.

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Grant Funds No Longer Active

Action Items

Return any unspent grant monies to the granting agency as appropriate.

Make any adjustments for grant related expenditures that were recorded in another fund.

400 and 500 funds should be used to report State and Federal grants only. If their use has evolved to include ongoing activities beyond accounting for grant monies, those activities should be evaluated and reported in a more appropriate fund. See also how fund 014 has been repurposed. Although fund change functionality is not currently available within State Software, we anticipate it to be available around the end of calendar 2025 which will allow the necessary changes to be made by June 30, 2026.

Documentation of the analysis of these funds and of the actions taken should be maintained and provided to your auditors.


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Grant Funds No Longer Active

Information from Ohio Department of Education and Workforce related to returning unspent grant money will be incorporated into the AOS FAQs.



Information for accounting for the return of grant monies and other accounting issues will be available in a FAQ document on www.ohioauditor.gov under the Local Governments | Reference Materials menu with other AOS FAQ documents



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Grant Funds No Longer Active

How do I record returning state/federal grant money?

Amounts returned to the granting agency can be charged as a refund of prior year receipt on the day-to-day books. Refund of prior year receipt is not a valid GAAP other financing use and should be reclassified as an intergovernmental expenditure on the GAAP Basis financial statements. If submitting an ACFR to GFOA's Certificate of Achievement Program, GFOA will look for intergovernmental expenditures to be presented by financial statement program/function for display purposes on the statement of activities.

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Grant Funds No Longer Active

When reviewing any remaining balances in the 400 and 500 funds scheduled to be retired, I discovered a prior year expenditure that should have been charged to the 400/500 fund. This expenditure was treated as an allowable expenditure, but it was not adjusted on my books. How can I adjust this on my books?

The following *Prior Fiscal Year Expenditures Reimbursed with Federal Funds in the Subsequent Fiscal Year* guidance was previously developed and can be adapted to this situation when the obligation and liquidation of the underlying expenditure were allowably incurred within the program period of performance:

Management should prepare a detailed invoice documenting the fund that reported the original expenditure of allowable cost(s) (Original Fund), charge the invoice to the appropriate SCC within the 400/500 Fund, and record a refund of prior year expenditure in the Original Fund. Management should charge the appropriate functions/objects within the SCC of the 400/500 Fund based on the billing received from the Original Fund. The refund of prior year expenditure is allowable on the budgetary reporting basis but must be reclassified on the financial statements. The reclassification would move the refund of prior expenditures to a revenue line item (usually Miscellaneous Revenue). A reduction of expenditure could be used if the amount is immaterial. Some judgment may be needed to determine the best presentation of these reclassifications in each particular circumstance.

It is important to note, this type of correction is considered a reimbursement and is not considered a transfer under Ohio Revised Code § 5705.14-16.

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GASB 54 Fund Definition Changes

GASB 54 Changed the Definition of Special Revenue Funds

Various fund definitions have been updated for GASB 54 purposes to indicate when a fund is classified as a special revenue fund and does not have a restricted or committed revenue source, it will be included with the general fund for financial reporting purposes.

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GASB 84 Fund Definition Changes

GASB 84 Impacted the Presentation of Fiduciary Funds

Not Fiduciary if there is Administrative Involvement by the School District

- 200 Student Managed Student Activity - special revenue
 - Previously agency
- Pell and Stafford – special revenue
 - Previously could have been included in 022

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GASB 84 Fund Definition Changes

Fund Classification Options for Special Trust (007) Funds

- Governmental - Special Revenue
- Governmental - Permanent
- Fiduciary – Private-Purpose Trust

Fund Classification Options for Endowment (008) Funds

- Governmental - Permanent
- Fiduciary – Private-Purpose Trust

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Funds with Manner of Use Change

Fund 014 Other Special Revenue

Effective July 1, 2026, fund 014 will be repurposed from Internal Services Rotary to Other Special Revenue. For Fiscal Year 2026, it will be known as Other Services Rotary.

By June 30, 2026, the activity of this fund should be reviewed, and only special revenue activity should remain. Any enterprise, internal service, or custodial activity should be adjusted to another fund.

This repurposed fund is intended to report special revenue activity other than federal, state, or local grants. This type of activity could be fee based. Documentation of analysis should be available for auditors.

Fund change functionality should be available by the end of calendar 2025 to facilitate this change.

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Funds with Manner of Use Change

Fund 016
Emergency
Levy

Effective July 1, 2026

If the constraints on the use of the levy monies are not more narrow than those on the General Fund, the 5705.194 levy can be accounted for in the General Fund. Any amounts remaining in fund 016 at July 1, 2026, can be spent out of the 016 fund. Any amounts received on July 1, 2026, or after can be receipted into the General Fund. The balance of the 016 fund should be spent first.

If the constraints on the use of the levy monies are more narrow than those of the General Fund, the use of fund 016 Emergency Levy is appropriate. Use of fund 016 as a special revenue is expected to be infrequent. Documentation should be available to demonstrate these constraints.

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Update Various Funds

Available beginning on July 1, 2025

- 493 State Capital Grants
- 593 Federal Capital Grants
 - Rather than using 499 and 599 for capital grants, 493 and 593 will be used. This will allow special revenue funds and capital projects funds to be accounted for in separate multi-purpose funds.
 - This usage should begin with new grants. Any balance related to capital grants currently in 499 and 599 can be spent down from those funds.

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Update Various Funds

Available Beginning on July 1, 2025

- 036 Special Levy

Name Change

- 002 Bond Retirement to Debt Retirement

Other Funds Scheduled to be Deleted after Fiscal Year 2026

- 032 School Improvement Models
- 467 Student Wellness and Success
- 507 Elementary and Secondary School Emergency Relief (ESSER)
- 508 Governor's Emergency Education Relief (GEER)

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Update Fund Approval Process

Background

- Within the fund structure of the USAS manual, most funds have a defined purpose.
- To allow the USAS manual the ability to add new funds that cannot be anticipated, a limited number of funds have been established that have the potential to be multi-purposed in nature.
- A fund is considered multi-purposed when it has special cost centers that account for different activities that do not relate to each other. For example, an 020 enterprise fund could account for two separate fee based activities that have separate fee structures. One SCC may account for providing tuition-based educational services while another SCC accounts for providing fee-based accounting services for another governments.
- In these cases of multiple types of activity within a single fund, each activity will be subject to separate fund approval, unless there is already specific statutory authority in place or if there is an AOS Bulletin granting approval of the SCC.
- Some of these multi-purpose funds have specific statutory authority for their creation, while others do not. Currently, there are only **four** funds which may be impacted by this change.

NEW

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25

Update Fund Approval Process

Beginning on July 1, 2025

- Cost centers in the following funds **ONLY** will be subject to Auditor of State fund approval, unless there is statutory authority establishing the creation of the special cost center:
 - 014 Other Services Rotary
 - 020 Special Enterprise
 - 021 Intra-District Services
 - 022 District Custodial

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Update Fund Approval Process

Beginning on July 1, 2025

- The requirement for fund approval by special cost center in these funds is for **new** special cost centers only, it does NOT apply to:
 - Special cost centers in use in funds established prior to July 1, 2025.
 - Special cost centers in use in other funds established prior to July 1, 2025, that are adjusted to one of the above funds in accordance with other "Action Items" provided in this manual.
 - Special cost centers within any fund other than the four funds identified previously.
 - Special cost centers within the general fund.
- For purposes of evaluating ORC 5705.10 fund deficits, all SCCs are rolled together, and the evaluation is done for the fund as a whole.

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Function Code Updates

1200 - Numerous clarifications and changes to descriptions

1300 - Change from Vocational Instruction to Career Technical Education Instruction

2930 - Change from Information Services to Media and Communication Services

4548 - Girls' Individual Sports has added Wrestling

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UPDATE

28

Object Code Updates

245 and 255 have been added for Health Savings Accounts

426 updated from Lease Purchase Agreements to Financed Purchase Agreements (GASB 87)

520s Textbooks and 530s Library books have been updated to include electronic materials

800 added clarification for debt (COPs)

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UPDATE

29

Receipt Code Updates

1300 Transportation Fees

Remaining Codes

1310s Transportation Fees

1390s Other Transportation Fees

Codes Eliminated (Not to be used after June 30, 2025)

1320s Transportation Fees from Other Districts Within the State

1330s Transportation Fees From Other Districts Outside the State

1340s Transportation Fees from Other Sources

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REMOVED

30

10

Receipt Code Updates

NEW

1880 Compensation for Property Tax Exemption – Payment in Lieu of Taxes (PILOTs)

- 1881 Enterprise Zone Agreements
- 1882 Community Redevelopment Area
- 1883 Tax Increment Financing
- 1889 Other Economic Development Tool

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Receipt Code Updates

UPDATE

3210 Restricted Grants-In-Aid Received Directly From State Government

- 3211 Disadvantaged Pupil Impact Aid*
- 3212 Bus Purchase Allowance*
- 3213 School Lunch*
- 3214 Textbook/Instructional Materials*
- 3215 Career Technical Education*
- 3216 Gifted Education*
- 3217 English Learner Funding*
- 3218 Student Wellness and Success Funding*
- 3219 Other Restricted Grants-in-Aid Received from the State*

4221 Medicaid Reimbursement

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Questions


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Acknowledgments

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36

36

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Andrew Pizzulo



Jennifer Sudhoff



Cindy Ritter



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OHIO AUDITOR OF STATE
KEITH FABER



USAS Manual Support Team
Auditor of State
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1

BUDGET AND SCHOOL FUNDING UPDATES

Aaron Rausch
Deputy Chief of Staff
Chief of Budget and School Funding

Elena Sanders
Senior Financial Manager
Office of Budget and School Funding

September 2025

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CONTINUED INVESTMENT IN K-12 EDUCATION

| State Source Spending | | | |
|-----------------------|----------------|------------------------|--------|
| FY26 | \$13.7 billion | \$279 million increase | 2.1% ↑ |
| FY27 | \$14.0 billion | \$345 million increase | 2.5% ↑ |

Total New State Source Spending for Primary and Secondary Education

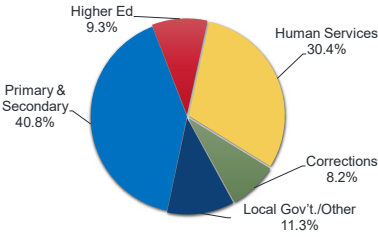
\$910 million in new spending over the biennium

Note: State source spending is comprised of GRF (including property tax reimb.), Lottery, Sports Gaming and ongoing Dedicated Purpose Funds with GRF cash transfers.

3

EDUCATION AND THE STATE BUDGET

FY 2026 Est. General Revenue, Lottery, Library and Local Government Funds



Source: LSC

4

ALL FUNDS BUDGET (FY25-FY27)

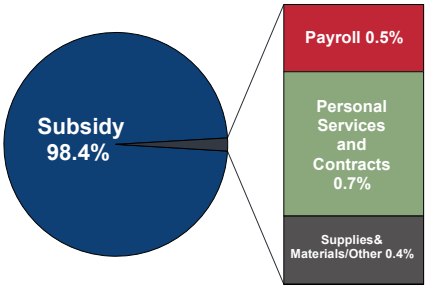
| Fund Source | FY25 Actuals | FY26 Enacted | % Change | FY27 Enacted | % Change |
|---------------|--------------|---------------|----------|--------------|----------|
| GRF | \$9.9 | \$10.0 | 1.2% | \$10.3 | 3.6% |
| Federal | \$3.0 | \$2.4 (18.0%) | | \$2.5 | 3.8% |
| Lottery | \$1.5 | \$1.7 9.8% | | \$1.6 (2.3%) | |
| Revenue Dist. | \$1.3 | \$1.3 0.3% | | \$1.4 1.3% | |
| Other | \$0.9 | \$0.8 (13.8%) | | \$0.8 0.1% | |
| Total | \$16.6 | \$16.2 (2.4%) | | \$16.7 2.7% | |

*Dollars (in billions)

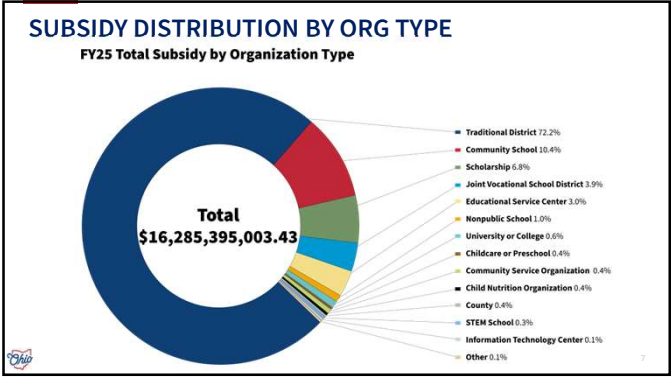


5

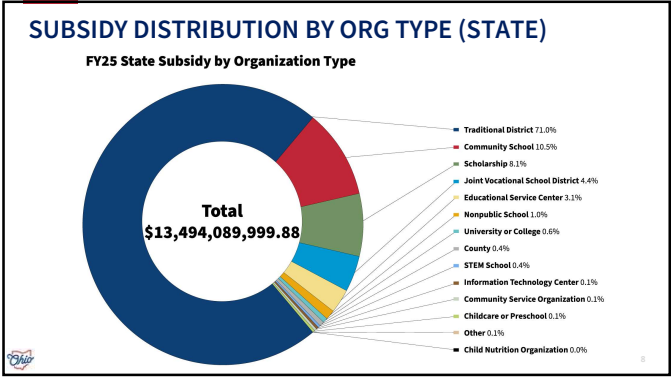
BUDGET BY CATEGORY



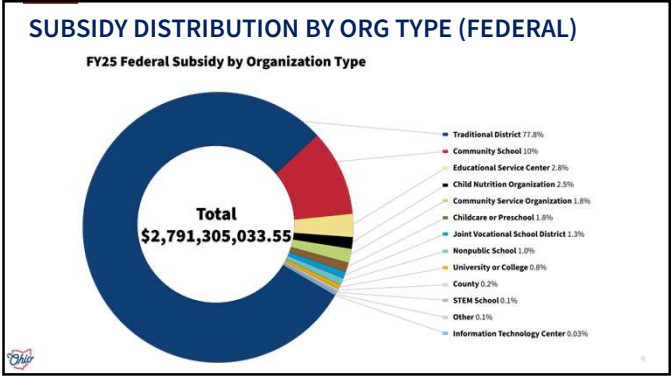
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8



9

STATE FOUNDATION FUNDING

- Enacts final phase-in of school funding formula (FY26 – 83.3% and FY27 – 100%).
- Retains guaranteed funding levels so no school or district will receive less funding in FY26 or FY27 compared to FY21 funding levels.
- Increases minimum state share for transportation to 45.83% in FY26 and 50% in FY27.
- Removes gifted PD component.
- Eliminates Supplemental Targeted Assistance.



10

STATE FOUNDATION FUNDING

- Funds JVSDs on current year enrollment.
- Scales back Career Awareness and Exploration funds to \$3/student.
- Provides a base funding supplement to traditional districts, JVSDs, community schools, and STEM schools of \$27/student in FY26 and \$40/student in FY27.
- Modifies the calculation of funding for low-income students, moving to a more accurate count of economically disadvantaged students in FY26 and FY27.

| | |
|-----|--|
| d | Disadvantaged Pupil Impact Aid (DPIA) Data |
| d1 | Weighted Economically Disadvantaged ADM $[(d1a * 0.75) + (d1b * 0.25)]$ |
| d1a | FY25 Economically Disadvantaged ADM |
| d1b | FY26 Directly Certified ADM |
| d2 | Economically Disadvantaged Percentage (d1a) |
| d3 | Economically Disadvantaged Index $[(d2/3) * 2]$ |

- FY26 = FY25 ED ADM at 75% and FY26 Directly Certified ADM at 25%
- FY27 = FY25 ED ADM at 65% and FY27 Directly Certified ADM at 35%



11

STATE FOUNDATION FUNDING

Enrollment Growth Supplement – Traditional Districts Only

- FY26 - Districts with student enrollment growth of **more than 5% between FY22 and FY25** will receive **an additional \$225 per pupil**.
- FY27 - Districts with student enrollment growth of **more than 3% between FY23 and FY26** will receive **an additional \$250 per pupil**.

| | |
|-----|--|
| M | Enrollment Growth Supplement [If M2=Yes then (a*\$225) else \$0] |
| M1 | Enrollment Change Percentage $[(M1a-M1b)/M1b * 100\%]$ |
| M1a | FY25 Enrolled ADM |
| M1b | FY22 Enrolled ADM |
| M2 | Is the district eligible? [Yes if M1 >= 5%] |



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STATE FOUNDATION FUNDING

Performance Supplement – Traditional Districts Only

- Overall performance of 4 stars or more, a progress component rating of 3 stars or more, or improvement on progress component.
- Funding provided at **\$13 per pupil** adjusted by the star rating.

| | |
|----|---|
| Q | Performance Supplement (if Q4=Yes then (a*\$13*(greater of Q1 or Q2)) else \$0) |
| Q1 | Overall Performance Rating Stars (2024-2025 Report Card) |
| Q2 | Performance Rating Stars (2024-2025 Report Card) |
| Q3 | Performance Rating Stars (2023-2024 Report Card) |
| Q4 | Is the district eligible? (Yes if Q1>=4 or Q2>=3 or Q2>Q3) |



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TRADITIONAL DISTRICTS – SUMMARY SFPR

| | (A) Base State Funding | (B) Calculated State Funding | (C)=(B-A)*% | (D)=(A+C) State Funding |
|---|------------------------------|------------------------------------|----------------|-------------------------------|
| State Support | | | | |
| A Base Cost | \$9,179,347.72 | \$9,016,437.89 | \$-162,909.83 | \$9,043,611.82 |
| B Targeted Assistance | \$1,016,962.11 | \$1,342,877.88 | \$325,915.77 | \$1,469,797.83 |
| C Special Education | \$940,972.83 | \$1,014,869.76 | \$73,896.93 | \$1,092,551.14 |
| D Disadvantaged Pupil Impact Aid (DPIA) | \$159,084.63 | \$298,579.21 | \$139,494.58 | \$274,825.36 |
| E English Learners | \$12,164.85 | \$25,975.74 | \$13,810.89 | \$27,098.88 |
| F Other | \$155,497.68 | \$181,177.34 | \$25,679.66 | \$185,960.52 |
| G Career Technical Education | \$35,384.34 | \$10,345.10 | \$-25,039.24 | \$14,185.74 |
| H State Foundation Funding (A + B + C + D + E + F + G) | \$11,497,354.16 | \$12,968,822.92 | \$1,471,468.76 | \$11,973,558.96 |
| I Temporary Transitional Aid Guarantee | | | | \$0.00 |
| J Supplemental Transitional Assistance | | | | \$0.00 |
| K Transportation | | | | \$847,761.68 |
| L Formula Transition Supplement | | | | \$0.00 |
| M State Funding Supplement | | | | \$91,352.92 |
| N Enrollment Growth Supplement | | | | \$0.00 |
| O Total Formula Funding (H + I + J + K + L + M) | | | | \$12,821,348.74 |
| Additional Aid Items | | | | |
| P Performance Supplement | | | | \$0.00 |
| Q Preschool Special Education | | | | \$325,658.38 |
| R Special Education Transportation | | | | \$91,352.92 |
| S Total State Support (O + P + Q + R + S) | | | | \$13,244,403.59 |



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14

FUNDING FOR COMMUNITY AND STEM SCHOOLS

- Makes the equity supplement for brick-and-mortar community schools permanent and reduces the per-pupil amount at \$500 in FY26 and \$400 in FY27.
- Retains facilities payments at \$25 per e-school student and \$1,000 per student in STEM and brick-and-mortar community schools and makes permanent.
- Codifies Quality Community School and Independent STEM School support programs, retains per pupil funding levels, and adds additional options for qualifying, including for dropout schools.
- Creates a separate special education cost pool for community and STEM schools, requiring DEW to withhold 5% of their special education funding and redistribute unused FY26–FY27 funds proportionally back to contributing schools.



15

AUTISM AND JON PETERSON SCHOLARSHIPS

- Expands Autism and JPSN scholarship eligibility to children aged 3–21.
- Increases the categorical weights for JPSN scholarships.
- Increases maximum scholarship amounts for both programs to \$34,000.
- Allows scholarships to be used at multiple providers.



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SUPPORT FOR STUDENTS, SCHOOLS, AND DISTRICTS

| Org Type | FY25 Total State Support Est. | FY26 Total State Support | \$ Change | % Change | FY27 Total State Support | \$ Change | % Change |
|-----------------------------------|-------------------------------|--------------------------|----------------------|-------------|--------------------------|----------------------|-------------|
| Traditional School Districts | \$8,396,104,206 | \$8,523,587,302 | \$127,483,096 | 1.5% | \$8,644,536,642 | \$120,949,340 | 1.4% |
| Community/STEM Schools | \$1,359,116,969 | \$1,421,725,423 | \$62,608,454 | 4.6% | \$1,488,907,361 | \$67,181,938 | 4.7% |
| Joint Vocational School Districts | \$497,162,863 | \$539,050,612 | \$41,887,749 | 8.4% | \$566,885,177 | \$27,834,564 | 5.2% |
| Educational Service Centers | \$54,200,271 | \$57,013,133 | \$2,812,862 | 5.2% | \$59,193,967 | \$2,180,834 | 3.8% |
| County Boards of DDs | \$40,198,475 | \$41,212,861 | \$1,014,386 | 2.5% | \$41,311,160 | \$98,299 | 0.2% |
| Public Total | \$10,346,782,784 | \$10,582,589,130 | \$235,806,347 | 2.3% | \$10,800,834,306 | \$218,244,976 | 2.1% |
| Scholarship | \$1,077,216,600 | \$1,175,837,390 | \$98,620,790 | 9.2% | \$1,264,885,428 | \$89,048,038 | 7.6% |
| Grand Total | \$11,423,999,384 | \$11,758,426,720 | \$334,427,337 | 2.9% | \$12,065,719,734 | \$307,299,014 | 2.6% |



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INCREASE IN STATE SUPPORT SINCE FY20

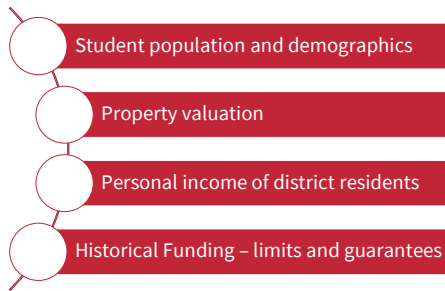
| Traditional Districts | | | | | | Community Schools/STEM Schools | | | | | |
|-------------------------|------------------------|----------------|----------------|-------------------------|----------|--------------------------------|----------------------|--------------|---------------|-------------------------|--------------|
| Fiscal Year | State Funding | % Change | Enrolled ADM | State Funding Per Pupil | % Change | Fiscal Year | State Funding | % Change | Enrolled ADM | State Funding Per Pupil | % Change |
| FY20 | \$6,989,732,609 | | 1,520,823 | \$4,600 | | FY20 | \$914,021,272 | | 206,266 | \$4,426 | |
| FY21 | \$7,173,668,412 | 2.6% | 1,467,079 | \$4,900 | 5.0% | FY21 | \$1,005,238,065 | 10.0% | 217,671 | \$4,618 | 4.7% |
| FY22 | \$7,463,574,714 | 4.0% | 1,462,691 | \$5,103 | 4.4% | FY22 | \$1,046,468,798 | 4.1% | 215,089 | \$4,865 | 5.4% |
| FY23 | \$7,943,768,301 | 2.4% | 1,455,196 | \$5,453 | 2.9% | FY23 | \$1,051,684,474 | 0.5% | 213,879 | \$4,916 | 1.1% |
| FY24 | \$8,255,132,203 | 6.0% | 1,439,669 | \$5,734 | 5.2% | FY24 | \$1,277,412,611 | 21.5% | 220,804 | \$5,785 | 16.5% |
| FY25 | \$8,396,104,206 | 1.7% | 1,426,711 | \$5,885 | 2.6% | FY25 | \$1,359,116,969 | 6.4% | 224,077 | \$6,064 | 5.4% |
| FY26 | \$8,523,587,302 | 1.5% | 1,426,711 | \$5,974 | 1.5% | FY26 | \$1,421,725,423 | 4.6% | 224,077 | \$6,342 | 4.6% |
| FY27 | \$8,644,536,642 | 1.4% | 1,426,711 | \$6,009 | 1.4% | FY27 | \$1,488,907,361 | 4.7% | 224,077 | \$6,645 | 4.9% |
| Change FY20-FY27 | \$1,654,804,033 | (11.1%) | \$1,430 | 30.0% | | Change FY20-FY27 | \$574,876,089 | 62.9% | 17,811 | 51.9% | 36.5% |



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WHAT FACTORS INFLUENCE STATE FUNDING?



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CHANGE IN ASSESSED PROPERTY VALUATION STATEWIDE – TRADITIONAL SCHOOL DISTRICTS

| Assessed Property Valuation | | | |
|-----------------------------|-------------------|------------------|----------|
| Tax Year | Valuation | \$\$ Change | % Change |
| TY18 Certified | \$274,832,155,175 | | |
| TY19 Certified | \$286,412,727,529 | \$11,580,572,354 | 4.21% |
| TY20 Certified | \$306,677,344,127 | \$20,264,616,598 | 7.08% |
| TY21 certified | \$320,714,414,113 | \$14,037,069,986 | 4.58% |
| TY22 Certified | \$334,004,040,325 | \$13,289,626,212 | 4.14% |
| TY23 Certified | \$387,943,701,684 | \$53,939,661,359 | 16.15% |
| TY24 Certified | \$420,781,950,460 | \$32,838,248,776 | 8.46% |
| TY25 Projected | \$430,809,047,088 | \$10,027,096,628 | 2.38% |

Increase of \$146B between TY18 and TY24 or 53%



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CHANGE IN ENROLLED ADM STATEWIDE – TRADITIONAL SCHOOL DISTRICTS

| Enrolled Average Daily Membership | | | |
|-----------------------------------|--------------|---------|----------|
| Fiscal Year | Enrolled ADM | Change | % Change |
| 2018 | 1,527,655 | | |
| 2019 | 1,518,210 | -9,445 | -0.62% |
| 2020 | 1,510,281 | -7,929 | -0.52% |
| 2021 | 1,467,079 | -43,202 | -2.86% |
| 2022 | 1,462,691 | -4,388 | -0.30% |
| 2023 | 1,455,106 | -7,585 | -0.52% |
| 2024 | 1,439,705 | -15,401 | -1.06% |
| 2025 | 1,424,467 | -15,238 | -1.06% |

Decrease of 103.2K between FY18 and FY25 or 6.8%



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CHANGE IN ENROLLED ADM STATEWIDE – COMMUNITY/STEM SCHOOLS

| Enrolled Average Daily Membership | | | |
|-----------------------------------|--------------|--------|----------|
| Fiscal Year | Enrolled ADM | Change | % Change |
| 2018 | 107,572 | | |
| 2019 | 105,920 | -1,652 | -1.54% |
| 2020 | 106,266 | 346 | 0.33% |
| 2021 | 117,671 | 11,405 | 10.73% |
| 2022 | 115,089 | -2,582 | -2.19% |
| 2023 | 115,879 | 790 | 0.69% |
| 2024 | 120,804 | 4,926 | 4.25% |
| 2025 | 124,293 | 3,489 | 2.89% |

Increase of 16.7K between FY18 and FY25 or 15.5%



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CHANGE IN ENROLLED ADM STATEWIDE – JOINT VOCATIONAL SCHOOL DISTRICTS

| Enrolled Average Daily Membership | | | |
|-----------------------------------|--------------|--------|----------|
| Fiscal Year | Enrolled ADM | Change | % Change |
| 2018 | 39,649 | | |
| 2019 | 40,043 | 394 | 0.99% |
| 2020 | 41,407 | 1,364 | 3.41% |
| 2021 | 40,392 | -1,015 | -2.45% |
| 2022 | 44,418 | 4,026 | 9.97% |
| 2023 | 46,289 | 1,871 | 4.21% |
| 2024 | 48,659 | 2,371 | 5.12% |
| 2025 | 50,244 | 1,585 | 3.26% |

Increase of 10.6K between FY18 and FY25 or 26.7%



23

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INCREASE IN GUARANTEES

| FY | Guarantee | Traditional School District | Community/STEM School | JVSDs | State Total |
|------|--------------------------------------|-----------------------------|-----------------------|-------|-------------|
| | | Count | \$ | Count | \$ |
| 2025 | Temporary Transitional Aid Guarantee | 184 | \$284,785,835 | 0 | \$0 |
| | Formula Transition Supplement | 102 | \$27,548,923 | 18 | \$4,480,920 |
| | On either of the two above | 203 | \$112,332,758 | 18 | \$4,480,920 |
| | Transportation | 42 | \$29,157,565 | 0 | \$0 |
| | Total | | \$341,490,323 | | \$4,480,920 |
| 2026 | Temporary Transitional Aid Guarantee | 211 | \$304,452,456 | 0 | \$0 |
| | Formula Transition Supplement | 110 | \$43,367,692 | 9 | \$1,935,739 |
| | On either of the two above | 250 | \$547,320,148 | 9 | \$1,935,739 |
| | Transportation | 34 | \$27,726,424 | 0 | \$0 |
| | Total | | \$575,046,522 | | \$1,935,739 |
| 2027 | Temporary Transitional Aid Guarantee | 265 | \$812,489,788 | 0 | \$0 |
| | Formula Transition Supplement | 102 | \$50,448,035 | 5 | \$1,126,496 |
| | On either of the two above | 282 | \$862,937,798 | 5 | \$1,126,496 |
| | Transportation | 27 | \$23,666,595 | 0 | \$0 |
| | Total | | \$886,604,393 | | \$1,126,496 |



24

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SCHOLARSHIP PROGRAMS

| | FY18 | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 |
|--------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|
| Autism | 3,393 | 3,518 | 3,698 | 3,914 | 4,105 | 4,339 | 4,632 | 5,468 |
| Cleveland | 7,574 | 7,283 | 7,476 | 7,647 | 7,664 | 7,571 | 7,779 | 8,061 |
| EdChoice | 22,177 | 23,086 | 29,541 | 32,543 | 35,823 | 37,976 | 40,282 | 41,575 |
| EdChoice Expansion | 9,389 | 10,671 | 12,126 | 16,436 | 20,209 | 22,572 | 86,973 | 99,336 |
| Jon Peterson | 5,224 | 6,014 | 6,440 | 6,882 | 7,293 | 7,569 | 7,915 | 8,121 |
| Total | 47,757 | 50,573 | 59,281 | 67,421 | 75,095 | 80,027 | 147,581 | 162,561 |
| Change | | 2,816 | 8,708 | 8,141 | 7,673 | 4,932 | 67,554 | 14,980 |
| % Change | | 5.9% | 17.2% | 13.7% | 11.4% | 6.6% | 84.4% | 10.2% |

Increase of 115K between FY18 and FY25 or 240.4%



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SCHOLARSHIP PROGRAMS

Reports: <https://reports.education.ohio.gov/overview>

Nonpublic Data – Scholarship

| Ohio Department of Education and Workforce Report Portal | |
|--|--|
| Nonpublic Data - Scholarship | |
| Scholarship Applicants Scholarship applicants | Historical EdChoice Designated List EdChoice Designated public schools for previous school years |
| District Scholarship Participants EdChoice grant participants at district level | Current EdChoice Designated List EdChoice Designated public schools for current and upcoming school years |
| Provider Scholarship Participants EdChoice grant participants at provider level | Jon Peterson Special Needs Report Jon Peterson Special Needs Grant Report |
| State Scholarship Participants EdChoice grant participants at state level | Scholarship Assessment Report Assessment results for scholarship students |
| Scholarship Payments Scholarship payments | |



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ADMINISTRATIVE EXPENSES LIMITATION

- Prohibits school districts, JVSs and ESCs from spending more than 15% of their annual operating budgets on administrative salaries and benefits and other costs associated with administrative offices.
 - Data: <https://reportcard.education.ohio.gov/download>
 - Selections: Year – Financial Expenditures – Expanded List
 - Download File: Gen Admin (K) + Other Support (O)
 - [Expenditure Reporting Classification Chart](#)
 - AOS will likely include in their Compliance Supplement for FY26



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SCHOOL DISTRICT FORECAST

- Reduces school forecast periods from 5 to 3 years, requires current-year budgets with forecasts, sets submission deadlines (Aug 31, Feb 28), and delays FY26 initial submission to Oct 15, 2025.
- Practical implication of this change - for FY26 – report 4 years instead of 5.
- FY27 and beyond – exploring the addition of other funds – federal, special revenue, non-operating to provide supplemental information.



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OTHER FUNDING OPPORTUNITIES



- Provides \$10M in FY26 for school bus safety grants.
- Grants fund safety enhancements on existing fleet or the marginal cost of safety enhancements on new buses.
- Open to traditional districts, JVSDs, community schools, STEM schools, ESCs, county DD boards, and chartered nonpublic schools.
- Anticipate fall application window.
- Provides \$20M over the biennium for [school-based health centers](#) in high-need counties.



29

SCIENCE OF READING

- Continued funding for literacy coaches (\$12 million/year).
- Requires DEW to maintain an introductory Science of Reading course and develop a competency-based refresher course.
- Requires school psychologists and speech-language pathologists to complete the introductory course by July 1, 2027.
- Requires educators to complete the refresher course in the Science of Reading every 5 years.



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WORKFORCE READINESS



- Expands CTE access to middle school students by eliminating waivers with the 2026-2027 school year.
- Updates the industry-recognized credential list to focus on credentials of value.
- Allocates \$8 million over the biennium to redesign the tech prep centers and support schools in career planning and advising. [Career Pathway Support Networks](#)
- Redirects all credential-related funding to ensure funding for Innovative Workforce Incentive Program (IWIP).
 - Changes IWIP payments to \$750 per credential.
 - Requires the school to cover the testing fees for materials.



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WORKFORCE READINESS

- Replaces the Adult Diploma Program and 22+ Program with a new competency-based program for adult learners in FY27.
- Transfers administration of the Aspire Program from ODHE to DEW by July 1, 2026.



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FEDERAL FUNDS UPDATE

- US Department of Education released held Title funds (Title IC, II, III, IV (A&B)) in late July following an announcement on June 30 that ED and OMB was reviewing the grants.
- All Consolidated Application grants will leverage CCIP in FY26 (grants will have a 7/1 substantially approved date).
- Limited use of ED STEPS/One Funding Application.
- President's FFY26 budget (State FY27) eliminates Title II, III, IV (A&B) and other smaller grant programs.
- Senate Appropriations Committee passed FFY26 budget that funds ED programs approximately FFY25 levels.




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GASB Update

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Issued GASBs yet to be implemented

- GASB 101 – Compensated Absences (FY25)
- GASB 102 – Certain Risk **Disclosures** (FY25)
- GASB 103 – Financial Reporting Model Improvements (FY26)
- GASB 104—**Disclosure** of Certain Capital Assets (FY26)

- Note: Dates relate to June year end reports
Does not include implementation guides

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Issued GASB CIGs yet to be implemented

- **2025-1** (released June 2025—effective FY26)

Note: Dates relate to June year end reports

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Projects on GASB's Agenda

- **Revenue and Expense Recognition (RER)** (exposure draft expected 4th quarter 2025 with final statement expected 2nd quarter 2027)
- **Subsequent Events** (ED 4th quarter 2024--final 4th quarter 2025)
- **Going Concern Uncertainties and Severe Financial Stress** (PV 1st quarter 2025—final 2nd quarter 2027)
- **Infrastructure Assets** (ITC 3rd Quarter 2024—ED 1st quarter 2026 -- final 1st quarter 2027)
 - public hearings are ongoing

For information on GASB's technical agenda see [Current Projects \(gasb.org\)](https://www.gasb.org/current-projects)

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GASB 102 Certain Risk Disclosures

State and local governments may be vulnerable to a variety of risks. Although existing authoritative guidance requires governments to disclose information about their exposure to some risks, information about other risks that are prevalent among state and local governments is not routinely disclosed because it is not explicitly required. The objective of this Statement is to provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability.

GASB 102 ¶1

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GASB 102 Certain Risk Disclosures

This Statement establishes financial reporting requirements for risks related to vulnerabilities due to **certain concentrations** or **constraints**. The requirements of this Statement apply to the financial statements of all state and local governments.

GASB 102 ¶2

A government may be vulnerable to risks from certain concentrations or constraints that limit its ability to acquire resources or control spending.

GASB 102 ¶4

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GASB 102 Certain Risk Disclosures

Example Disclosure

Note X. Concentration of Employer
for the Year Ended June 30, 20X4

McFarland Air Force Base is a large employer in Example County that employs nearly 2,000 military personnel and 850 civilians. The various tax revenues received by the County that are directly or indirectly related to the operations of the Base represent YY% percent of the County's resources for the year ending June 30, 20X4. On December 1, 20X2, a commission established by the United States government to coordinate the Base Realignment and Closure (BRAC) process placed the Base on its list of possible military base realignments and closures. The County's operations could be adversely affected by a decline in the revenues associated with the Base.

GASB 102 Appendix C

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GASB 103 Financial Reporting Model Improvements

- Management's Discussion and Analysis
- Unusual or Infrequent Items
- Presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position
- Major Component Unit Information
- Budgetary Comparison Information
- Financial Trends Information in the Statistical Section

- GASB 103 ¶2

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Questions

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Chief Technical Specialist

LGS


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Athens Metropolitan Housing Authority

Presented by:

John McElhaney, Investigator &
Jonathan Wagner, CPA, CFE, Forensic Audit Manager
Special Investigations Unit

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Agenda

- Basic Overview of SIU Stats and Types of Schemes
- How we Investigate
- Description of the Entity
- How the case was brought to SIU
- Schemes Used by the Former Executive Director
- Lessons Learned
- Internal Controls

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Quick Stats

Since January 2019:

- 143 convictions in the State
- 67 theft in office convictions
- ~ \$14 million in restitution
- 261 findings for recovery totaling over \$27 million

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How We Investigate

- We Receive a Tip or Complaint
 - Fraud Hotline
 - Website
 - Email
 - External Audits
 - Whistleblowers
- We Evaluate the Tip or Complaint
 - Special Audit Task Force makes decision whether the information provided involves the potential for fraud, theft, or noncompliance and makes decision whether to begin a special audit or refer to other agencies.
- A Special Audit and Investigation Begins
 - Limited scope examination and investigation of allegations
- We Work with Prosecutors to Determine Whether There Is a Case
 - Once fieldwork is complete, the case is presented to prosecutors to determine next steps.

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Cressey's Fraud Triangle

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Fraud Schemes

FIGURE 10-10 HOW DO FRAUD SCHEMES VARY BY EMPLOYER SIZE?

| Fraud Scheme | 1001+ Employees (%) | 100 Employees or Fewer (%) |
|-----------------------------|---------------------|----------------------------|
| Corruption | 44% | 52% |
| Misuse | 22% | 23% |
| Check and payment tampering | 9% | 23% |
| Noncash | 22% | 23% |
| Expense reimbursement | 12% | 18% |
| Salaries/wages | 9% | 17% |
| Cash benefits | 9% | 18% |
| Cash on hand | 9% | 15% |
| Payroll | 8% | 15% |
| Financial statement fraud | 8% | 4% |
| Register disbursements | 2% | 2% |

Source: ACFE's Report to the Nations – 2024 Global Study on Occupational Fraud and Abuse

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Athens Metropolitan Housing Authority Case Study



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The Entity

- Assists low-income families, elderly and disabled with affordable housing
- Owns an apartment complex, a mixed-use building in Nelsonville, and other properties located in Athens County
- Governed by five-member Board of commissioners, which are appointed by other local entities
- Executive Director Jodi Rickard was responsible for the day-to-day operations
- Finance Manager is responsible for accounting/ bookkeeping duties



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Background

- AOS brought the audit back in-house after over 20 years of IPA audits
- From April 2022 through October 2022, the AMHA kept delaying the start of the Audit.
- Offices catch fire just prior to start of the audit.
- Upon being told that the bank statements would be subpoenaed, Rickard told the auditors that a subpoena wasn't necessary and produced a stack of bank statements and deposit details.
- AOS subpoenaed the bank statements anyway
- Staff made it on-site to begin testing, only to be delayed again due to the death of Rickard's father
- Rickard had access and control of emails, the accounting system, and was the only person with access to change permissions, etc.
- The Finance Manager performed some of the duties while Rickard was out.

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Background (Cont.)

- In November of 2022, the AMHA Board Vice President contacted AOS to inform us of fraud/embezzlement at the AMHA.
- The fraud tip alleged that payments were made to credit cards not belonging to the AMHA and checks written for Rickard's father
- The AMHA used a clearing account for HUD receipts, rather than a fund for reporting purposes.
- During Rickard's absence, an employee noticed that a payment for \$16k was made to Discover from the clearing account.
- Neither the payee, check number, nor the amount could be found in the accounting system.
- A review of the bank statements found additional payments that could not be explained.

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Search Warrant



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Search Warrant



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Search Warrant



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Confession

- In December 2022, AOS, along with special agents from HUD, conducted a search warrant at the AMHA.
- During an interview with Rickard, she was confronted about the checks issued from the clearing account.
- Rickard stated the theft began in either 2015 or 2016 and it was due to medical conditions.
- Rickard admitted to having a Capital One card, Discover card, WesBanco home improvement line-of-credit, and a GreenSky Program loan, which she paid with AMHA funds. She also admitted to having a Bank of America card but did not think she used AMHA funds to pay it.
- Rickard admitted to paying off her own mortgage through WesBanco
- Rickard admitted that the Greensky Program was for her teeth

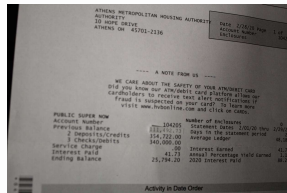
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Scheme 1: Blank Checks

- Rickard printed blank checks from the accounting system.
- The checks included pre-printed signatures.
- Rickard then wrote in the amount of the check and sent for payment.
- To reconcile, Rickard would use deposits-in-transit to conceal the thefts.
- During audit, Rickard would provide fictitious bank statements to the auditors.



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[illegible]

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[illegible]

Details of the Crime

- We reviewed 211 payments from the clearing account, with the earliest being in 2007 and the latest in November of 2022.
- We determined that \$2,325,395.12 was stolen by Rickard for this scheme.
- Payments made to Discover, Capital One, WesBanco, The Greensky Program, Bank of America, and VISA.



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How Did We Test?

- Step 1: Obtained copies of the actual bank statements for the clearing account, including check images
- Step 2: Create a listing of the checks paid from the clearing account
- Step 3: Review the Yardi system to find reports showing check payments. Look for checks written to Rickard, her family members, and known credit cards based on her confession
- Step 4: Obtain information from each vendor found in the check listing
- Step 5: Determine if any of the checks were for the purposes of the AMHA
- Step 6: Obtain copies of all other bank statements for the AMHA and examine for payments to Rickard, her family members, and any credit card payments.
- Step 7: Create listing showing theft amount

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Scheme 1: Blank Checks

- Time period?
- Initially, we looked at 2015 through 2022.
- Learned that the bank had records going further back, so testing period was expanded to include all dates. The bank had records beginning from 2008.
- Responses from the vendors included a payment in 2007, so we included that.
- Ultimately, we were able to definitively prove that 178 of 211 transactions were fraudulent, which totaled \$2,325,395.12.
- One check was found from AMHA made payable to the AMHA.....interesting, why?

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Scheme 1: Blank Checks

| Vendor | Number of Checks | Sum of Check Amount |
|----------------------|------------------|------------------------|
| Discover | 112 | \$ 1,704,184.60 |
| Capital One Bank | 55 | \$ 460,317.00 |
| VISA | 6 | \$ 39,500.00 |
| The GreenSky Program | 1 | \$ 36,000.00 |
| WesBanco Bank Inc. | 1 | \$ 34,000.00 |
| Bank of America | 2 | \$ 30,393.52 |
| Bank of the West | 1 | \$ 21,000.00 |
| Total | 178 | \$ 2,325,395.12 |

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Where Did the Money Go?

| Payee | Sum of Check Amount | Count of Checks |
|---------------------------------------|------------------------|-----------------|
| Athens Metropolitan Housing Authority | \$ 2,037.00 | 1 |
| Bank credited back fraudulent check | \$ (16,000.00) | 1 |
| Bank of America | \$ 30,393.52 | 2 |
| Bank of the West | \$ 21,000.00 | 1 |
| Capital One Bank | \$ 460,317.00 | 55 |
| Discover | \$ 1,704,194.60 | 112 |
| The GreenSky Program | \$ 36,000.00 | 1 |
| VISA | \$ 39,500.00 | 6 |
| WestBanco Bank Inc. | \$ 34,000.00 | 1 |
| Check payments without support | \$ 209,110.85 | 31 |
| Grand Total | \$ 2,520,542.97 | 211 |

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| Payment Year | Sum of Check Amount | Total Count of Checks | Sum of Theft Amount | Number of Checks Identified as Theft | Sum of Check Amounts Unable to Verify | Number of Checks Unable to Verify | Sum of Checks Into Other AMHA Account | Number of Checks Into Other AMHA Account |
|------------------------------------|------------------------|-----------------------|------------------------|--------------------------------------|---------------------------------------|-----------------------------------|---------------------------------------|--|
| 2007 | \$ 9,580.10 | 1 | \$ 9,580.10 | 1 | \$ - | 0 | \$ - | 0 |
| 2008 | \$ 116,392.83 | 13 | \$ 52,448.02 | 7 | \$ 63,944.81 | 6 | \$ - | 0 |
| 2009 | \$ 76,566.04 | 10 | \$ 48,200.00 | 5 | \$ 28,366.04 | 5 | \$ - | 0 |
| 2010 | \$ 79,200.00 | 9 | \$ 71,300.00 | 7 | \$ 7,900.00 | 2 | \$ - | 0 |
| 2011 | \$ 58,000.00 | 8 | \$ 39,800.00 | 5 | \$ 18,200.00 | 3 | \$ - | 0 |
| 2012 | \$ 129,500.00 | 17 | \$ 104,500.00 | 13 | \$ 25,000.00 | 4 | \$ - | 0 |
| 2013 | \$ 152,900.00 | 19 | \$ 118,700.00 | 13 | \$ 34,200.00 | 6 | \$ - | 0 |
| 2014 | \$ 204,500.00 | 22 | \$ 173,000.00 | 17 | \$ 31,500.00 | 5 | \$ - | 0 |
| 2015 | \$ 228,000.00 | 20 | \$ 228,000.00 | 20 | \$ - | 0 | \$ - | 0 |
| 2016 | \$ 199,400.00 | 18 | \$ 199,400.00 | 18 | \$ - | 0 | \$ - | 0 |
| 2017 | \$ 175,000.00 | 13 | \$ 175,000.00 | 13 | \$ - | 0 | \$ - | 0 |
| 2018 | \$ 190,037.00 | 13 | \$ 188,000.00 | 12 | \$ - | 0 | \$ 2,037.00 | 1 |
| 2019 | \$ 161,000.00 | 9 | \$ 161,000.00 | 9 | \$ - | 0 | \$ - | 0 |
| 2020 | \$ 132,867.00 | 7 | \$ 132,867.00 | 7 | \$ - | 0 | \$ - | 0 |
| 2021 | \$ 317,100.00 | 15 | \$ 317,100.00 | 15 | \$ - | 0 | \$ - | 0 |
| 2022 | \$ 290,500.00 | 17 | \$ 306,500.00 | 16 | \$ - | 0 | \$ - | 0 |
| Grand Total | \$ 2,520,542.97 | 211 | \$ 2,325,395.12 | 178 | \$ 209,110.85 | 31 | \$ 2,037.00 | 1 |
| Grand Total W/O Credit Memo | \$ 2,536,542.97 | 210 | \$ 2,325,395.12 | 178 | \$ 209,110.85 | 31 | \$ 2,037.00 | 1 |

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Scheme 2: Checks-for-Cash

Check-for-Cash Fraud



- During our review of the first scheme, an employee at the Authority found a potential second scheme.
- The employee stated she reviewed a bank statement and the deposit slip on the bank statement was different from the one she had.
- A review of the bank statements showed checks from the Authority being issued to the Authority.
- At this point, additional testing was performed to identify these checks.

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Scheme 2: Checks-for-Cash

- Though reporting just a proprietary fund, the Authority operated several different housing programs and used different bank accounts for each program.
 - 20 different bank accounts, including 5 that had cash in them with no known purpose and 3 more that were dormant.
- Clients of the AMHA would be required to make payments based on their income level. These receipts were paid into three accounts, one for the Dew House, one for the apartment complex, and one for the other housing sites in Athens County.
- Unlike Scheme 1, which used the clearing account checks to cover her personal expenses, in this scheme she took the cash deposits, using checks from one of the other accounts to cover the theft.
- She utilized checks from the Housing Assistance Program to repay theft of cash from three different accounts that received cash payments from clients.

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Scheme 2: Checks-for-Cash

- AMHA personnel would collect the payments, enter the amount and type of payment received into the Yardi system, and then provided payment reports and the cash to the Finance Director.
- The Finance Director counted the funds and created a deposit slip that identified the types of payment received and the amount collected.
- The deposit slip and the deposit were then placed inside an envelope and placed in Rickard's office.
- Rickard insisted that she was the one responsible for making bank deposits.
- Prior to taking the deposit to the bank, Rickard would take the cash and then create a zero-dollar/blank check from the housing assistance account, which was used to cover the theft of cash.

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| | | |
|--|------------|---------------|
| ATHENS MHAFAP ACCOUNT CLARENCE DRIVE ATHENS, OH 45701 | | 186451 |
| ***** ONE THOUSAND SIX HUNDRED TWENTY THREE AND 00/100 DOLLARS ***** | | |
| TO THE ORDER OF | 11/15/2022 | \$1,623.90*** |
| Athens Metropolitan Housing Authority 10 Ridge Drive Athens, OH 43761-0000 | | |
| 186451 | | 1000 DOLLARS |


| | | | |
|--|------------|--|------------|
| DEPOSIT TICKET | | DEPOSIT TICKET | |
| Original | | Altered | |
| Athens Public Housing 10 Ridge Dr Athens, OH 45701 | | Athens Public Housing 10 Ridge Dr Athens, OH 45701 | |
| DATE | 11/15/2022 | DATE | 11/15/2022 |
| CHECK NO. | 186451 | CHECK NO. | 186451 |
| CHECK AMT. | 1623.90 | CHECK AMT. | 1623.90 |
| CHECK DATE | 11/15/2022 | CHECK DATE | 11/15/2022 |
| CHECK TYPE | 007 20 | CHECK TYPE | 1930 20 |

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How Did We Test?



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How Did We Test?

- Review copies of the bank statements and check images to find checks issued by the AMHA made payable to the AMHA
- Identify which accounts the checks were paid from and which accounts the checks were received to
- Obtain copies of the original deposit slips maintained by the Finance Director
- Total the amount of the cash deposits that were substituted with a check

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Problems We Faced

- Fire had destroyed some records.
 - 2019 lost / not available
 - Other random bank statements missing
- Yardi reports did not show these checks since they were made for zero dollars. (easily)
- While we were able to get copies of the bank statements prior to 2015, the check images were only available for 2015 through 2022.
- How to confirm theft of receipts if we are missing the original deposit slip?



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Problems We Faced

- Obtained Yardi payment reports for 2015 – 2022
- Obtained Yardi receipt reports for 2015 – 2022
- Reviewed the receipt reports for receipts that approximated the dates of the checks, added up the total cash payments in the receipts and compared to the check amounts.

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(ph) - 1398 11/03/2015

| | | | | | | | |
|------------------------------|--------|----------|----------|---------|------------|----------|----------|
| TABLER, DANA | hd4101 | 101 | s804046 | 11/2015 | 11/03/2015 | 488.00 | 2371.583 |
| JONES, PAMELA | hd4101 | 102 | 10001643 | 11/2015 | 11/03/2015 | 160.00 | cash |
| COEN, JACK | hd4101 | 103 | 10002543 | 11/2015 | 11/03/2015 | 443.00 | cash |
| BROZAK, SARAH | hd4101 | 106 | 10002726 | 11/2015 | 11/03/2015 | 201.00 | 1530 |
| HANSEN, LARRY | ss4102 | 212WWASH | 10003439 | 11/2015 | 11/03/2015 | 257.00 | cash |
| MCKEE, TABITHA | ss4102 | 37E3RD | 10004916 | 11/2015 | 11/03/2015 | 190.00 | cash |
| COSSIN, ALFRED | hd4101 | 401 | 10005730 | 11/2015 | 11/03/2015 | 213.00 | cash |
| MORRISON, LEO | hd4101 | 404 | 10000408 | 11/2015 | 11/03/2015 | 230.00 | cash |
| RUTTER, MELISSA | hd4101 | 503 | 10002163 | 11/2015 | 11/03/2015 | 12.00 | cash |
| TABLER, MICHELLE | hd4101 | 601 | 10000325 | 11/2015 | 11/03/2015 | 285.00 | cash |
| FULLEN, JUDY | hd4101 | 706 | 10006319 | 11/2015 | 11/03/2015 | 419.00 | 2141 |
| Total (ph) - 1398 11/03/2015 | | | | | | 3,048.00 | |

Check: 152106 Amount: \$1,940.00 Date: 11/4/2015 DDA REGULAR CHECK

Check missing in system, yet shows up in bank statements?

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Scheme 2: Checks-for-Cash

- We found that for the time-period 2015 through 2022, Rickard created 415 fraudulent checks to cover \$529,850.00 in theft.
- The good news is she at least left the coins behind....usually.

DEPOSIT TICKET

11/15/2022

1444

1930

307.20

DEPOSIT TICKET

11/15/2022

1930

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How did she do it?

- Rickard maintained complete control over all aspects of the AMHA finances including the Yardi system
- Not running transactions through the accounting program
- Not timely posting transactions
- Reconciling - Deposits in Transit
- Only presenting a one-page financial summary to the Board. The Board did not seek any additional information
- Poor external audit processes



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ATHENS METROPOLITAN HOUSING AUTHORITY CONSOLIDATED INCOME/EXPENSE REPORT

| YEAR-TO-DATE CURRENT MONTH 8/1/2021 | HOPE DRIVE | SCATTERED SITES | SECTION 8 | BOARD |
|--|------------------------------|------------------------------|--------------------------------|------------------------------|
| INCOME | \$ 34,172.80 \$ 34,172.80 | \$ 16,404.88 \$ 15,404.88 | \$ 380,829.00 \$ 350,829.00 | \$ 60,282.06 \$ 60,282.06 |
| EXPENSE | \$ 32,983.88 \$ 32,983.88 | \$ 10,455.54 \$ 10,455.54 | \$ 343,881.02 \$ 343,881.02 | \$ 58,564.66 \$ 58,564.65 |
| NET (LOSS) | \$ 1,178.92 \$ 1,178.92 | \$ 4,949.32 \$ 4,949.32 | \$ 7,147.98 \$ 7,147.98 | \$ 1,687.40 \$ 1,687.40 |
| TOTAL COMBINED INCOME (LOSS) | | | | \$ 14,963.82 \$ 14,963.82 |

Example of Monthly
Financial Information
Presented to the Board.

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Check Audit Report

| | | | | | |
|--|------|---------------------------------------|---------------------------------|--------|---------|
| Note: If check and/or bank information placed on check written - appears in red. | | | | | |
| Print Entry: | 1 | Printed by User: (Check Printer) | Printed from Hubdon: Default | | |
| Check#: | 1204 | Check Amount: | 0.00 | Check: | Missing |
| Current From Info: | | | | | |
| Check From Info: | | Athens Metropolitan Housing Authority | 22 Hope Dr | | |
| Current Bank Info: | | Hunting Valley Bank | 8/1 Nov 4587 | | |
| Check Bank Info: | | Hunting Valley Bank | 8/1 Nov 4587 | | |
| Print Entry: | 6 | Printed by User: (Check Printer) | Printed from Hubdon: Default | | |
| Check#: | 1206 | Check Amount: | 0.00 | Check: | Missing |
| Current From Info: | | | | | |
| Check From Info: | | Athens Metropolitan Housing Authority | 8/1 Nov 4587 | | |
| Current Bank Info: | | Hunting Valley Bank | 8/1 Nov 4587 | | |
| Check Bank Info: | | Hunting Valley Bank | 8/1 Nov 4587 | | |
| Print Entry: | 7 | Printed by User: (Check Printer) | Printed from Hubdon: Default | | |
| Check#: | 1202 | Check Amount: | 0.00 | Check: | Missing |
| Current From Info: | | | | | |
| Check From Info: | | Athens Metropolitan Housing Authority | 8/1 Nov 4587 | | |
| Current Bank Info: | | Hunting Valley Bank | 8/1 Nov 4587 | | |
| Check Bank Info: | | Hunting Valley Bank | 8/1 Nov 4587 | | |

Check Audit Report
Showing Zero Dollar
Check Printed and
made Payable to
Discover.

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Examples of Purchases

- Paid off House
- Boats/ Tractor and Mower/ Trailer
- Heated In-ground Swimming Pool
- New Teeth
- Sandals Vacations
- Trip to Hawaii complete with Helicopter Tours
- Concert Tickets
- QVC and HSN – 3,779 transactions
- Amazon – 2,086 transactions
- Apple transactions – 1,477
- Funeral for her father
- MEDICAL – We found ~ \$5k from 2007 through 2022. Most were in 2021 and 2022

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Where Did She Spend the Money?

- Travel and airfare purchases in excess of \$250,000.00, which included cruises, a trip to Disney World, a trip to Hawaii with a \$3,936 helicopter tour, as well as a Sandals Resort Vacation in the Bahamas totaling \$19,228.10.
- Home improvements totaling over \$166,000.00, which included \$73,000.00 to install a heated in-ground swimming pool at her home, \$36,391.06 for furniture, a carport, and a flagpole.
- Personal debt payments totaling \$84,000, which paid off her remaining home mortgage balance, her husband's remaining vehicle loan, and her husband's watercraft loan. They also paid \$17,897.75 towards a trailer purchase.
- Dental work totaling \$62,460
- Concert tickets totaling \$28,641.84
- Funeral expenses for her father \$11,987.38

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Where Did She Spend the Money?

| Payee | Count | Amount | Type |
|--------------------------|-------|---------------|--------------|
| Amazon | 2086 | \$ 163,977.16 | Shopping |
| QVC | 3466 | \$ 114,969.37 | Shopping |
| WAL-MART WM SUPERCENTER | 515 | \$ 87,675.51 | Shopping |
| Apple | 1477 | \$ 78,168.81 | Phone |
| AMERICAN AIR | 68 | \$ 74,542.02 | Airfare |
| KROGER | 417 | \$ 48,916.23 | Shopping |
| ATHENS COUNTY TAX | 7 | \$ 30,392.49 | Taxes |
| LOWES | 61 | \$ 27,204.47 | Home Improve |
| UNIQUE VAC/REP OF SANDAL | 5 | \$ 23,162.90 | Travel |
| MARATHON | 449 | \$ 21,861.68 | Fuel |

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Charges

- Pled guilty to seven charges:
 - **F1** - Engaging in a Pattern of Corrupt Activity
 - **F2** - Engaging in a Pattern of Corrupt Activity
 - **F3** - Theft in Office
 - **F1** - Aggravated Theft of One Million Five Hundred Thousand or More
 - **F1** - Telecommunications Fraud
 - **F3** - Tampering with Evidence
 - **F3** - Tampering with Records

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Charges (cont.)

- Sentenced 8 to 12 years in prison and 3 years post-release control
- Ordered to pay restitution of \$2,325,395.12 to the AMHA
- Forfeited house
- Forfeited 50% of bank accounts
- Forfeited OPERS
- Forfeited Deferred Comp

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[illegible]

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Finding for Recovery Summary

- Total Finding for Recovery against Rickard: \$2,855,245.12
 - Scheme 1 Non-Payroll Expenditures: \$2,325,395.12
 - Scheme 2 Cash Receipts: \$529,850.00
 - 46 Receipts for the Dew House account totaling \$37,949.00
 - 71 Receipts for the Board Checking account totaling \$60,325.00
 - 298 Receipts for the Public Housing account totaling \$431,576.00
- Amount repaid so far: \$507,296.63:
 - Sale of personal residence: \$255,279.90
 - OPIERS: \$162,709.04
 - Ohio Deferred Compensation: \$79,975.45
 - Personal bank accounts: \$9,332.24
- Amount of Finding for Recovery still outstanding: \$2,347,948.49
- We issued management recommendations regarding Board oversight, internal controls, segregation of duties, and falsification of audit records.

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Lessons Learned

- If you suspect fraud, it is important to act fast. In this case, a fire could have potentially destroyed important documents.
- Fire doesn't necessarily destroy all the evidence.
- It may be possible to get evidence further back than what the stated retention schedule.
- Important to look at relationships outside of the Entity. Rickard used family members accounts, including her own father. Think beyond the employee.
- Keeps your eyes open.

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Lessons Learned (Cont.)

- It is imperative that the Board have proper training, be willing to ask questions, and understand the operations of the entity.
- Providing adequate supporting documents for review to the Board.
- Proper segregation of duties
- Following policies and procedures
- Proper audit techniques
- Does lifestyle match income?

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Lessons Learned

- Having knowledgeable staff in place is key
- Knowing what to look for
- If something doesn't look right, speak up
- Controls DO work

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Questions?

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