

OHIO AUDITOR OF STATE
KEITH FABER

Legislative Update for
Townships & Villages

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AOS Office Overview

- Strives for efficient, effective and transparent government.
- Responsible for auditing all public offices in Ohio – nearly 6,000 entities
- Statewide staff of 800
- Services and functions:
 - Financial audits, performance audits, identify and investigate fraud in public agencies, financial services to local governments, and training

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Issues and Initiatives

- House Bill 33 – Operating Budget
- Senate Bill 91 – Fraud Reporting
- House Bill 101 – Village Dissolution
- House Bill 23 – Transportation Budget
- House Bill 315 – Revise the Township Law
- Newly Introduced Bills of the 136th GA

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House Bill 33 – Operating Budget

- Local Government Audit Assistance Fund
 - Ensures audit rates for local governments remain at \$41.00 an hour
 - Bulletin 2024-004 State Fiscal Year 2025 Hourly Billing Rates and Allocation of Audit Costs
 - Ability to charge audit costs to funds other than the General Fund – See Section O-12 of the OCS for guidance
- Performance Audit Team Expansion
 - Allows for additional staff to be hired to increase our bandwidth for taking on and completing performance audit projects.

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House Bill 33 – Operating Budget

- Competitive Bidding
 - Increased statutory competitive bidding thresholds to \$75,000 for counties, townships, municipal corporations, libraries, fire and ambulance districts, regional airport authorities, and regional water and sewer districts.
 - Starting in 2025, increases the threshold amount by 3% each year – new amount to be calculated and published by the Director of Commerce
 - Increase also applies when a town hall is being built
 - HB 315 took away the requirement of the townhall improvement ballot issue when over the competitive bidding threshold.
 - Prohibits subdividing projects or purchases to avoid competitive bidding requirements
 - See Ch. 2 of the OCS for more details

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House Bill 33 – Operating Budget (Continued)

- Fraud training
 - Requires the Auditor to create training material detailing Ohio's fraud-reporting system and the means of reporting fraud, waste and abuse
 - Training is required at the beginning of employment and once every four years
 - The Department of Administrative Services will administer the training materials to each state employee, statewide elected official, and the General Assembly member
 - The Auditor will administer the training material to elected officials and employees of a political subdivision
 - Current employees and elected officials as of the effective date of this amendment shall complete the training within ninety days of a date specified by the auditor of state unless good cause exists for noncompliance
 - AOS Bulletin 2024-005 Fraud Reporting Training is available on our website for more information

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Senate Bill 91 – Fraud Reporting

- Requires state officials and employees of a state agency to report alleged fraud, theft in office, or misuse or misappropriation of public money to the Inspector General.
- Requires all other state officials and employees, and certain other persons in local public office, to report alleged fraud, theft in office, or misuse or misappropriation of public money to the Auditor of State.

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House Bill 101 – Village Dissolution

- Modifies the process for winding up the affairs of a dissolved village as follows:
 - Requires a Transition Supervisory Board to be established to supervise the various aspects of the transition.
 - Board includes the county auditor, a member of the board of commissioners, and the county recorder.
 - A township official from the receiving township is on the board in a non-voting capacity.
- Requires the appointment of a receiver-trustee to perform certain duties including the collection of taxes, resolution of debts, distribution of property, continuity of utility services, handling of public records requests, and other matters.
 - The Auditor of State shall maintain a list of possible receivers from which the Board will select a receiver.
- Requires former village officials to assist the Board.
- Removes AOS from assisting with the dissolution process.
 - AOS still performs final audit of dissolution.

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House Bill 23 – Transportation Budget

- Increased statutory force account limits for local authorities – unchartered municipal corporations, counties, and townships
- Increased statutory limits annually rather than biennially under prior law
 - Based on ODOT's construction cost index with a 5% cap rather than the prior 3% cap
 - Requires ODOT to notify the county engineer of the increased amount
- Under continuing law – a local authority must use the State Auditor force account project assessment form
 - If the Auditor finds a violation of the force account threshold limit, the Auditor must reduce the force account threshold limits for that local authority for 1-2 years depending on the number of violations
- Under prior law, reductions were specified dollar amounts – this instead reduces a local authority's limits to 1/3 of its established limits to account for the gradual automatic increases to the local limits

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HB 315 – Revise the Township Law

- Public Notice Requirements – allows townships to select one (or more) of three methods of publication
 - The print or digital edition of a newspaper of general circulation within the township;
 - The official public notice website; or
 - The township's website and social media account
- Road Repair & Maintenance – board of trustees may proceed by contract or force account
 - If by force account, county engineer must complete assessment form prescribed by AOS
 - If by contract, and amount exceeds \$105,000, be let by the board using one of the above-mentioned methods

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Newly Introduced Bills of the 136th GA

- HB 96 – FY 26-27 Operating Budget
 - Auditor of State's Local Government Audit Support Fund – AOS needs fully funded to keep audit rates low for local governments
- HB 54 – FY 26-27 Transportation Budget
- HB 76 – allow increase in membership of board of township trustees
 - Townships with a population of 20,000+ to increase township trustees from 3 to 5
- HB 123 – Modify procedures for filling vacancies in local elected offices
- HB 113 – Regards annexation and financial disclosure forms, tax exemptions
- SB 69 – Reform the state's public retirement system law
- HB 49 – Allow for the creation of water improvement districts
- SB 57 – Ohio Bitcoin Reserve Act
 - Allows TOS to invest in cryptocurrency and require political subdivisions to accept cryptocurrency as a form of payment

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Other Points of Interest

- Bulletin 2024-002 related to installment loan debt
- Exhibit 4 in the OCS Implementation Guide – Changes to Compensation
- OCS section 1-23 – guidance on allocating salary to funds other than the General Fund
- AOS Township Handbook
- ACE Engagement – Optional Alternative to a full single audit if certain criteria is met
 - AOS Bulletin 2022-008 for more information

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Other Points of Interest


- Federal regulations
 - April 2024 - the Office of Management and Budget (OMB) issued sweeping updates to the Uniform Guidance.
 - Federal agencies were required to adopt the new Uniform Guidance, including any agency-specific changes/exceptions, no later than October 1, 2024.
 - Any Federal grants awarded directly from a Federal agency on or after October 1, 2024 is subject to the revised Uniform Guidance
 - Federal agencies can amend existing terms and conditions for grants awarded prior to October 1, 2024 to apply the 2024 UG Revisions
 - Audit Requirements changed in the revisions are effective for fiscal years beginning on or after October 1, 2024 (FYE 12/31/25 for Townships)

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