

Executive

As Passed by the House

AUDCD2 Costs Assessed to the Uniform Accounting Network Fund

R.C. 117.101

Removes the requirement that the Director of Budget and Management approve assessments to be charged against the Uniform Accounting Network Fund (Fund 6750) to pay for administrative costs that the Auditor of State determines can be attributed to the operation of the Uniform Accounting Network.

Fiscal effect: None.

R.C. 117.101

Same as the Executive.

Fiscal effect: Same as the Executive.

AUDCD3 Cost Recovery for Audits of Local Public Offices

R.C. 117.13

Repeals the authority of the Auditor to recover certain local public office audit costs. Eliminates the authority to fund vacation and sick leave costs of assistant auditors performing the audits, employees, and typists from the GRF.

Eliminates the authority to pay necessary travel and hotel expenses of deputy inspectors and supervisors of public offices from the state treasury. Requires, instead, that the Auditor establish rates by rule to be charged to public offices for recovering the costs of audits of local public offices.

Fiscal effect: Local governments would now pay these costs through the newly established cost recovery plan.

R.C. 117.13

Same as the Executive.

Same as the Executive.

Fiscal effect: Same as the Executive.

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AUDCD1

Fiscal Watch/Emergency Technical Assistance

Section: 225.10

Requires that GRF appropriation item 070403, Fiscal Watch/Emergency Technical Assistance, be used to pay the expenses incurred for fiscal watch or fiscal emergency activities under R.C. 118 and R.C. 3316. Specifies that these qualifying expenses include but are not limited to: (1) duties related to the determination or termination of fiscal watch or fiscal emergency of municipal corporations, counties, townships, or school districts; (2) development of preliminary accounting reports; (3) performance of annual forecasts; (4) provision of performance audits; and (5) supervisory, accounting, or auditing services for the municipal corporations, counties, townships, or school districts. Reappropriates the unexpended, unencumbered portion of the line item at the end of FY 2012 for the same purpose in FY 2013.

Section: 225.10

Same as the Executive.

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Other Education Provisions

EDUCD137 Fiscal Emergency School Districts

R.C. 3316.21

No provision.

Requires the Auditor of State to notify the Superintendent of Public Instruction if the Auditor determines that the financial recovery plan of a school district declared to be in fiscal emergency cannot be expected to correct and eliminate fiscal emergency conditions within five fiscal years.

No provision.

Requires the Superintendent to develop an operations plan for the district and submit the plan to the State Board for approval within 90 days of the notification by the Auditor.

No provision.

Directs the State Board to suspend the charter of the district and take over its operation upon approval of the operations plan until such time as an acceptable financial recovery plan has been submitted.

Fiscal effect: May increase administrative costs for ODE to create operations plans and operate districts.

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LOCCD24

Local Governments in Fiscal Distress

R.C. 118.023, 118.025, 118.04, 118.05, 118.06, 118.12, 118.31, 118.99

No provision.

Creates the designation of "fiscal caution" that applies to municipal corporations, counties, and townships (referred to as political subdivisions in this entry) and requires the Auditor of State to develop guidelines for identifying fiscal practices and budgetary conditions of these political subdivisions that, if uncorrected, could result in a future declaration of fiscal watch or fiscal emergency. Authorizes the Auditor of State to declare these political subdivisions to be under fiscal caution if any of those practices or conditions exist.

No provision.

Requires the Auditor of State to notify a political subdivision of a declaration of fiscal caution and to request written proposals for discontinuing or correcting the fiscal practices or budgetary conditions that prompted the declaration.

No provision.

Permits the Auditor of State to visit and inspect any political subdivision declared to be under a fiscal caution, and permits the Auditor to provide technical assistance to eliminate the practices or budgetary conditions that prompted the declaration of fiscal caution. Allows the Auditor to (a) determine whether reasonable proposals have been made or actions have been taken to discontinue or correct the practices and conditions, and (b) if necessary, declare the political subdivision to be in a state of fiscal watch.

No provision.

Requires the Auditor of State to seek from a political subdivision in fiscal watch a financial recovery plan that identifies actions for eliminating the conditions that

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No provision.

prompted the declaration, including dates of the commencement and completion of those actions, as well as a five-year forecast reflecting the effects of the actions.

Requires the Auditor of State to review and approve the financial recovery plan of a political subdivision in fiscal watch, and if the Auditor determines that a feasible financial recovery plan has not been submitted within 120 days of the declaration of fiscal watch, or within any extension of time granted, authorizes the Auditor of State to declare a state of fiscal emergency.

No provision.

Makes the following changes in current law that apply to political subdivisions in fiscal emergency:

(2) No provision.

(1) Revises the composition of, and reduces the number of members on, a financial planning and supervision commission established when a political subdivision is declared to be in fiscal emergency.

(3) No provision.

(2) Requires that the Auditor of State, rather than a financial planning and supervision commission as under current law, serve as the financial supervisor for villages or townships with a population of less than 2,500 that are in fiscal emergency.

(4) No provision.

(3) Requires that a political subdivision's financial plan include a five-year forecast reflecting the effects of the actions specified in the plan and that the plan be updated annually.

(5) No provision.

(4) Requires that, upon certification of the commission, all state funding for a political subdivision (except for benefit assistance to individuals) that fails to submit a financial plan, or fails to substantially comply with it, be escrowed until a plan is submitted or compliance is achieved.

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(6) No provision.	(5) Permits a commission to limit expenditures from any political subdivision fund if deemed prudent, instead of just general fund expenditures.
(7) No provision.	(6) Provides for the dissolution of political subdivisions that are in fiscal emergency and meet specified conditions.
(8) No provision.	(7) Specifies that an officer of a political subdivision in fiscal emergency who is convicted of certain violations of current law is ineligible to hold any public office in Ohio or be employed by a public entity in Ohio for seven years after the conviction.
No provision.	Clarifies that the Auditor of State is to be reimbursed for any expenses incurred relating to a fiscal emergency or watch, including technical and support services, and that the Controlling Board must provide sufficient funds if necessary.
No provision.	Requires the Controlling Board to provide funds to cover the costs incurred by the Auditor of State relative to a fiscal caution determination.
	<p>Fiscal effect: The Auditor of State could incur costs for overseeing political subdivisions in fiscal watch or caution, although these expenses will be reimbursed by the Controlling Board. Political subdivisions could also incur costs for compliance, which would presumably be offset through the implementation of financial recovery plans.</p>