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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

**S.B. 48**  
**136<sup>th</sup> General Assembly**

## Fiscal Note & Local Impact Statement

[Click here for S.B. 48's Bill Analysis](#)

**Version:** As Introduced

**Primary Sponsor:** Sen. Ingram

**Local Impact Statement Procedure Required:** No

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### Highlights

- The Auditor of State (AOS) will incur costs to perform or review financial audits of chartered nonpublic schools as required by the bill. The costs will be partially covered by the proceeds of billings deposited into the Public Audit Expense – Local Government Fund (Fund 4220). The Local Government Audit Support Fund (Fund 5VP0) and the GRF will be used to cover any remaining costs.

### Detailed Analysis

The bill requires the Auditor of State (AOS) to conduct a financial audit of each chartered nonpublic school that accepts state funding or reimbursements for the EdChoice Program, mandated administrative costs, and mandated auxiliary services. The costs that the AOS will incur for performing and reviewing these audits will be partially offset by charges billed to the audited entities. Audit costs are largely based on the number of hours billed to complete an audit. Billing hours can be greatly impacted by the state of an entity's accounting. The billable hourly rate for local government entities, and the rate that would apply to chartered nonpublic schools, is \$42 per hour in FY 2026 and \$43 per hour in FY 2027. Prior to FY 2026, the rate was \$41 per hour. If the Auditor decides to contract with an independent public accountant (IPA) to do a financial audit, there may be additional costs which the audited entity would be billed for, including the costs the AOS incurs for preparing and evaluating the request for proposal (RFP), monitoring the work of the IPA, and reviewing the audit report according to the terms of the RFP.

The proceeds from the billings will be deposited into the Public Audit Expense – Local Government Fund (Fund 4220). Because the total cost of audit services cannot be recouped at the hourly rate, supplementary funding for these auditing functions is provided under GRF line item 070412, Local Government Audit Support and Fund 5VP0 line item 070611, Local

Government Audit Support. Fund 5VP0 is supported by a monthly credit of GRF tax revenue equal to  $\frac{1}{12}$  of the annual appropriation under the line item.

As noted above, the cost of audits can vary widely depending on the state of an entity's accounting. LBO looked at information the AOS provided for the cost of community school annual financial audits, which are similar to the audits required under the bill. Over the CY 2018-CY 2024 period, there were 2,145 community school audits. Of those, 541 were performed by the AOS and 1,604 by IPAs. Of the audits performed, 2,044 were Governmental Accounting Standards Board (GASB) Generally Accepted Accounting Principles (GAAP) Basis financial audits. The table below summarizes the total cost distribution of these 2,145 audits. As the table below shows, financial audits for community schools have cost between \$1,600 and \$40,000, with roughly 75% of audits costing less than \$10,000. These costs include both billable and unbilled costs incurred by the AOS as well as any costs billed to the audited entity by an IPA.

Community School Annual Financial Audit Cost Summary (CY 2018-CY 2023)				
Minimum	1 <sup>st</sup> Quartile	Median	3 <sup>rd</sup> Quartile	Maximum
\$1,602	\$5,740	\$7,858	\$9,967	\$39,342