



www.lsc.ohio.gov

# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

H.B. 450  
133<sup>rd</sup> General Assembly

## Fiscal Note & Local Impact Statement

[Click here for H.B. 450's Bill Analysis](#)

**Version:** As Enacted

**Primary Sponsor:** Rep. Stephens

**Local Impact Statement Procedure Required:** Yes

Tom Wert, Senior Budget Analyst

### Highlights

- Because the specific requirements for certificates of transition are not yet determined, costs for county treasurers and fiscal officers to prepare them are unknown. However, it is conceivable that the aggregate statewide costs to local governments to prepare certificates of transition could exceed \$100,000.
- The bill provides greater discretion for the Auditor of State to perform agreed-upon procedure audits for political subdivisions. This change potentially results in cost savings for the Auditor of State and entities receiving the agreed-upon procedure audits. In general, agreed-upon procedure audits cost up to 50% less to conduct than traditional financial audits.

### Detailed Analysis

#### Certificates of transition

The bill requires outgoing country treasurers and fiscal officers<sup>1</sup> to provide a certificate of transition to the successor officer that will result in increased costs for counties, municipal corporations, townships, school districts, and other public entities. The Auditor of State may also incur a slight increase in costs for the Auditor's role in prescribing information to be included in and for testing the accuracy of certificates of transition under the bill. Although the bill requires the certificates to contain an inventory of documents, accounts, and other information, it requires the Auditor, with input from county treasurers and fiscal officers, to

---

<sup>1</sup> The bill uses the definition of "fiscal officer" as used in the Tax Levy Law. Under the bill a fiscal officer includes county auditors, city auditors, village clerks, township fiscal officers, treasurers of boards of education, and many others. Please see the LSC bill analysis for additional details.

prescribe the specific information that must be included. Because the specific requirements for a certificate of transition are not yet determined, the additional workloads for county treasurers and fiscal officers to prepare certificates of transition is unknown. As such, it is difficult to determine the magnitude of any increased costs that local governments would incur. However, it is conceivable that the aggregate statewide cost among the entities responsible for complying with the certificate of transition requirement could exceed \$100,000.

### **Agreed-upon procedure audits**

The bill also eliminates the statutory eligibility requirements for political subdivisions to receive agreed-upon procedure audits from the Auditor of State. Instead, the bill continues the agreed-upon procedure audits under rules established by the Auditor of State. This change gives the Auditor of State greater discretion to perform agreed-upon procedure audits and may result in cost savings for the Auditor of State and certain audited entities. However, it is difficult to quantify any savings because the number of additional agreed-upon procedure audits that would be performed and the number of entities that would receive them in place of traditional full financial audits is unknown. Agreed-upon procedure audits are expedited audit procedures that are established by rules created by the Auditor. According to the Auditor of State, costs to perform agreed-upon procedure audits are typically 50% less than traditional full audits. The costs of audits are mainly covered by fees charged to the audited political subdivision and deposited into the Public Audit Expense-Local Government Fund (Fund 4220), but in some cases may also be supplemented by GRF funding under the Auditor of State's budget.