



MUNICIPAL BUILDING
655 Blacklick St.
Groveport, OH 43125
614.836.5301
www.groveport.org

To: Mayor, Members of City Council and Administrator

From: Jason Carr, CPA, Finance Director

Date: July 8, 2024

RE: Finance Director Report

Auditor of State of Ohio – Financial Health Indicators

Ohio Revised Code Section 118.025 requires the Auditor of State of Ohio to “develop guidelines for identifying fiscal practices and budgetary conditions, amongst municipal corporations, counties, and townships that, if uncorrected, could result in a future declaration of fiscal watch or emergency.” The Financial Health Indicators are a series of financial information, percentages and ratios gathered from the annual financial statements filed by a city, as well as the entity’s audit results, which are useful in predicting financial stability.

For each financial health indicator within the report an indicator is described, defined and level of importance. The condition(s) which will generate a “critical” outlook (red) or a “cautionary” outlook (yellow) are identified. Also, for each indicator, graphs or charts are included to reflect the calculations of the indicator for the current and prior year periods. The result of the outlook for indicator critical (red), cautionary 4 (yellow), positive (green) or not applicable (black) will be reflected after the indicator number and in the color of the box that surrounds the graph or chart.

Generally, six (6) “red” indicators implies fiscal stress is occurring and a combination of eight (8) “red” and/or “yellow” indicators (with less than six (6) “red” indicators) implies, unless changes occur, the entity could experience fiscal stress in two to three years.

The results provided within the attached report show 1 cautionary (Indicator #11) and 16 positive financial health indicators for the City of Groveport based on the results of our 2023 audit. Indicator #11 is driven by the age of our total capital assets and continued increase is depreciation expense recorded on these assets. The following is a breakdown of the City’s capital assets by category:

Town Hall 648 Main Street, Groveport, OH 43125
Groveport Recreation & Aquatic Center 7370 Groveport Road, Groveport, OH 43125
Public Works Facility 7400 Groveport Road, Groveport, OH 43125
Groveport Municipal Golf Course 1005 Richardson Road, Groveport, OH 43125
Police Department 5690 Clyde Moore Drive, Groveport, OH 43125

	Total Capital Assets		Total Capital Assets
	<u>Remaining Value</u>	<u>% Depreciated</u>	<u>% Remaining Value</u>
Land	\$ 4,810,993	0.00%	100.00%
Easements	13,140,000	0.00%	100.00%
Construction in progress	172,920	0.00%	100.00%
Land improvements	5,087,803	23.91%	76.09%
Buildings and improvements	25,240,609	29.70%	70.30%
FF&E	2,795,660	50.11%	49.89%
Vehicles	900,693	67.55%	32.45%
Streets, Curbs, Gutters	8,636,169	82.45%	17.55%
Street Lights	211,484	95.35%	4.65%
Traffic Signals	686,914	55.95%	44.05%
Water Lines	7,082,943	36.98%	63.02%
Water Tanks	103,956	45.95%	54.05%
Sewer Lines	9,356,046	38.67%	61.33%
Sewer Chambers and Pumps	722,249	39.07%	60.93%
Storm Water Lines	<u>4,467,266</u>	<u>40.06%</u>	<u>59.91%</u>
Totals	<u>\$ 83,415,705</u>	<u>52.43%</u>	<u>47.57%</u>

The City of Groveport should continue to use this report as a forecasting and planning tool for existing and future budgets understanding that the results provided within the attached report are from a point in time (i.e. December 31, 2023). The 2023 Indicators Report accompanies this memorandum.

Ohio Senate Bill 91 – Required Fraud Reporting and Training

The passage of Ohio Senate Bill 91 amended provisions specific to reporting alleged fraud, theft in office, or misuse of public money effective March 28, 2024.

Ohio Rev. Code § 117.103 was amended to require the AOS to create training material detailing Ohio's fraud-reporting system and the means of reporting fraud, waste, and abuse. The Department of Administrative Services shall provide the AOS's training material to each state employee, statewide elected official, and member of the general assembly. The AOS shall provide the training material to each employee and elected official of a political subdivision. *Current employees and elected officials are required to complete the training within ninety (90) days of the date listed in the table below unless good cause exists for completion at a later date. Additionally, each new employee or elected official shall confirm receipt of this material within thirty (30) days after taking office or beginning employment. The training shall be required every four (4) years for each employee or elected official.*

Ohio Revised Code § 117.103 requires the AOS to confirm during the course of an audit, as provided in Ohio Revised Code § 117.11, that public employees and elected officials have been provided material as required. The AOS has updated the model form, originally provided in AOS Bulletin 2022-005, to include acknowledgement the information of the fraud-reporting system was provided as well as completion of the training provided by the AOS. The form is appended to this Bulletin and can also be found on the AOS website.

Elected officials and employees are required to complete the initial training within the timeline listed below for municipalities:

Entity	Start Date	Completion Date (90 Days from Start Date)
Municipality	July 1, 2024	September 28, 2024

The Personnel Department, in conjunction with the Finance Department, will be working together to communicate to our employees and elected officials the training requirements. Annie Short, HR Generalist, will be e-mailing each Council Member to assist in coordinating the required training.

A copy of the Auditor of State Audit Bulletin is attached to this memorandum.

City of Groveport
Franklin County
Year Ended: December 31, 2023
Accounting Basis: GAAP

Final 2023 Report

2023 Financial Health Indicators at a Glance:

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17

Critical Outlook Financial Health Indicators: 0

Cautionary Outlook Financial Health Indicators: 1

Critical Outlook	Cautionary Outlook	Positive Outlook	Not Applicable
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(Please refer to the last page for definitions)

STATUTORY REQUIREMENT Ohio Revised Code Section 118.025 requires the Auditor of State to “develop guidelines for identifying fiscal practices and budgetary conditions, amongst municipal corporations, counties, and townships that, if uncorrected, could result in a future declaration of fiscal watch or emergency.” In addition to these fiscal caution guidelines, the Auditor of State has developed Financial Health Indicators (FHI).

FINANCIAL HEALTH INDICATORS (FHI) are a series of financial information, percentages, and ratios gathered from annual financial statements, filed by the local governments, which are useful in predicting financial stability. FHI will be used to recognize early signs of fiscal stress at specific local governments and take a proactive approach to monitoring or assisting these local governments, rather than only a reactive approach after declaration of fiscal caution, watch, or emergency.

Seventeen (17) FHI have been identified as useful in determining signs of fiscal stress. Sixteen (16) of the indicators are based on information derived from the entity’s audited financial statements. Indicator 17 is based on the citations/recommendations results from the most current audits.

HOW TO ANALYZE FHI No individual FHI 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 signs of fiscal stress. The entity should review, in detail, any individual FHI identified as having a critical or cautionary outlook to determine areas of potential concern that would require evaluation of goals/objectives in order to ensure fiscal stability is maintained.

Important! Historically, based on entities that have been placed in fiscal distress (fiscal caution, fiscal watch or fiscal emergency) reporting under the **Generally Accepted Accounting Principles** (GAAP) basis of accounting:

- Entities may experience fiscal stress when at least **six (6)** critical (red) FHIs are reflected.
- Entities may experience fiscal stress in two to three years when at least **eight (8)** critical (red) and/or cautionary (yellow) FHIs are reflected.

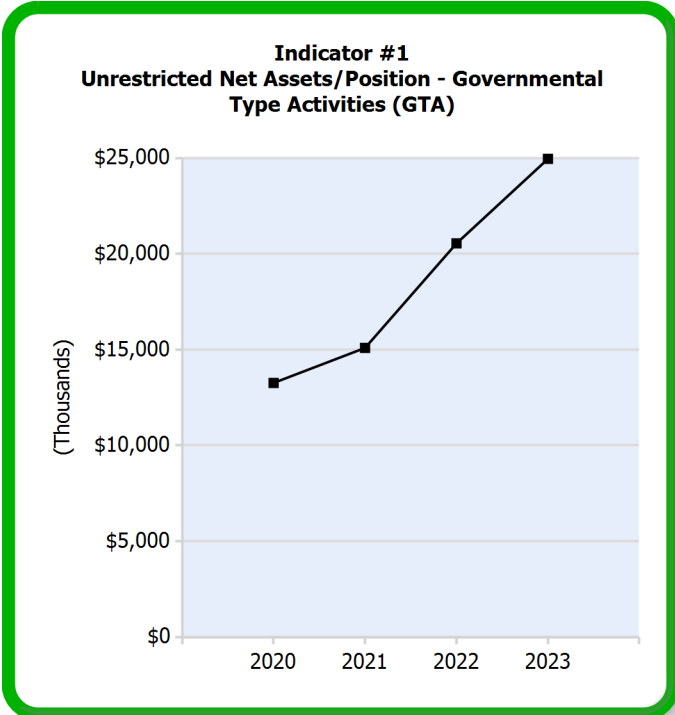
The effects of implementation of GASB 68/75 for pensions/other post employment benefits have been removed from the applicable line items for consideration of Financial Health Indicators 1, 3, 13 and 16.

Please refer to the accompanying spreadsheet for calculation of the each Financial Health Indicator, the Financial Statement Data used in those calculations, and the type of audit opinion issued for audited financial statements.

City of Groveport
Franklin County
Year Ended: December 31, 2023
Accounting Basis: GAAP

Final 2023 Report

Indicator #1 - Positive Outlook



Unrestricted Net Assets/Position of Governmental Type Activities (GTA)

Unrestricted net assets/position represents the portion of net position that has no related liabilities or restriction as to use.

Description of indicator and what it means:

This indicator identifies when an entity has a declining or negative unrestricted net assets/position.

Why is it important?

This indicator identifies if net assets/position is available for unrestricted purposes. Although unrestricted net assets/position may not be in liquid form, it is important to have net assets/position available and unrestricted as to use. If an entity's unrestricted net assets/position is declining or is negative, it leaves little or no room for unexpected expenses; and therefore, is a sign of fiscal stress.

Critical Outlook– Zero or negative amount

Cautionary Outlook – Decline between the current and prior year by more than a 1%

Indicator #2 - Positive Outlook

Unassigned Fund Balance of the General Fund

Unassigned fund balance is the portion of fund balance that has no related liabilities or has not otherwise been obligated.

Description of indicator and what it means:

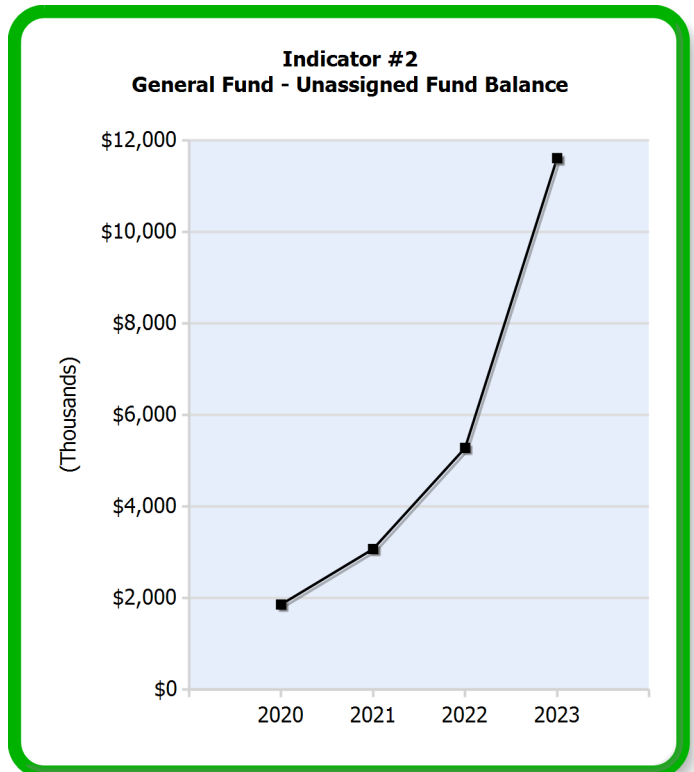
This indicator identifies when an entity has a declining or negative unassigned fund balance.

Why is it important?

This indicator identifies if fund balance is available for unrestricted purposes. Although unassigned fund balance may not be in liquid form, it is important to have fund balance available without restrictions as to use. If an entity's unassigned fund balance is declining or is negative, it leaves little or no room for unexpected expenses; and therefore, is a sign of fiscal stress.

Critical Outlook – Zero or negative amount

Cautionary Outlook – Decline between the current and prior year by more than a 1%



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Indicator #3 - Positive Outlook

Change in Unrestricted Net Assets/Position - GTA

Description of indicator and what it means:

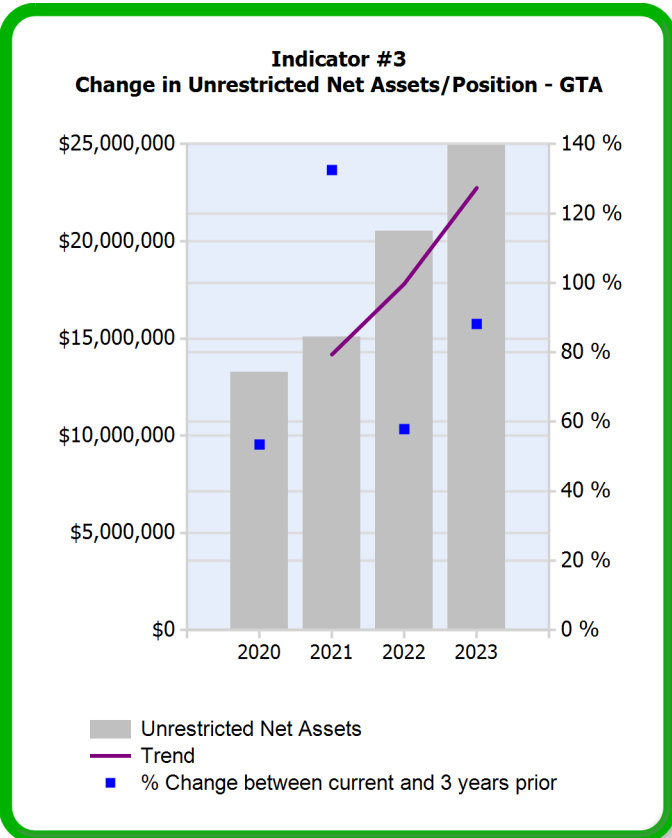
This indicator identifies changes (increases or decreases) in unrestricted net assets/position from the prior years to the current year and is useful in identifying local governments whose unrestricted net assets/position is deteriorating.

Why is it important?

A declining unrestricted net assets/position can be a sign of fiscal stress. This indicator is important in identifying a trend of deteriorating unrestricted net assets/position as well as how rapidly it is deteriorating.

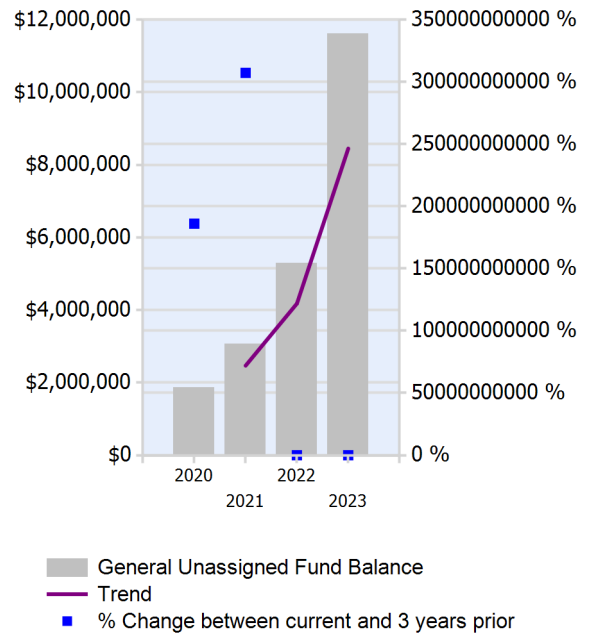
Critical Outlook – The current period and at least two of the previous three periods reflect a zero or negative amount **OR** a rapidly declining trend defined as a decline in each of the last 3 periods with a drop of greater than 20%

Cautionary Outlook – Declining trend defined as a decline in each of the last 3 periods with a drop of 10% to 20%



Indicator #4 - Positive Outlook

**Indicator #4
Change in General Fund Unassigned Fund Balances**



Change in General Fund Unassigned Fund Balances

Description of indicator and what it means:

This indicator identifies changes (increases or decreases) in unassigned general fund balance from the prior years to the current year and is useful in identifying local governments whose unassigned general fund balance is deteriorating.

Why is it important?

A declining unassigned general fund balance can be a sign of fiscal stress. This indicator is important in identifying a trend of deteriorating unassigned general fund balance as well as how rapidly it is deteriorating.

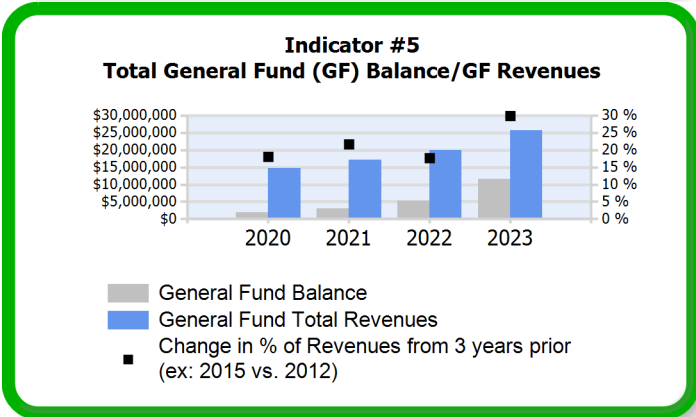
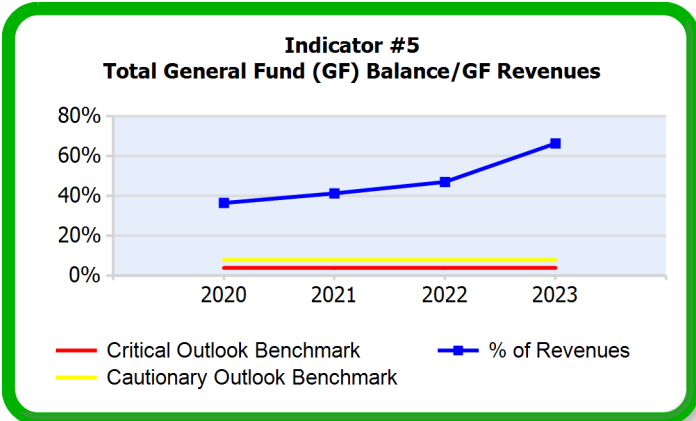
Critical Outlook – The current period and at least two of the previous three periods reflect a zero or negative amount **OR** a rapidly declining trend defined as a decline in each of the last 3 periods with a drop of greater than 20%

Cautionary Outlook – Declining trend defined as a decline in each of the last 3 periods with a drop of 10% to 20%

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Indicator #5 - Positive Outlook



Total General Fund (GF) Balance/GF Revenues

Description of indicator and what it means:

This indicator identifies reserves available in the General Fund. The larger the reserve the better the entity is able to absorb, in the short term, the impact of sudden revenue loss or significant increases in operating costs and begin planning financial adjustments.

Why is it important?

This indicator identifies a low reserve of fund balance even if Indicators 1 through 4 do not indicate negative unrestricted net assets/position or unassigned fund balance.

Critical Outlook – Negative percentage, very low percentage (<1/24th or 4%), **OR** if fund balance is less than a 2 month carryover (17%), a rapidly declining trend defined as a drop of 10% or greater over a 3 year period.

Cautionary Outlook – Low percentage (< 1/12th or 8%) **OR** if fund balance is less than a 2 month carryover (17%), a declining trend defined as a drop of 5% - 10% over a 3 year period **OR** if fund balance is less than 6 months (50%), a decline in each of the last 3 periods.

Indicator #6 - Positive Outlook

Decline in General Fund Property Tax Revenue

Description of indicator and what it means:

This indicator reflects the percentage change from year to year for property tax revenue.

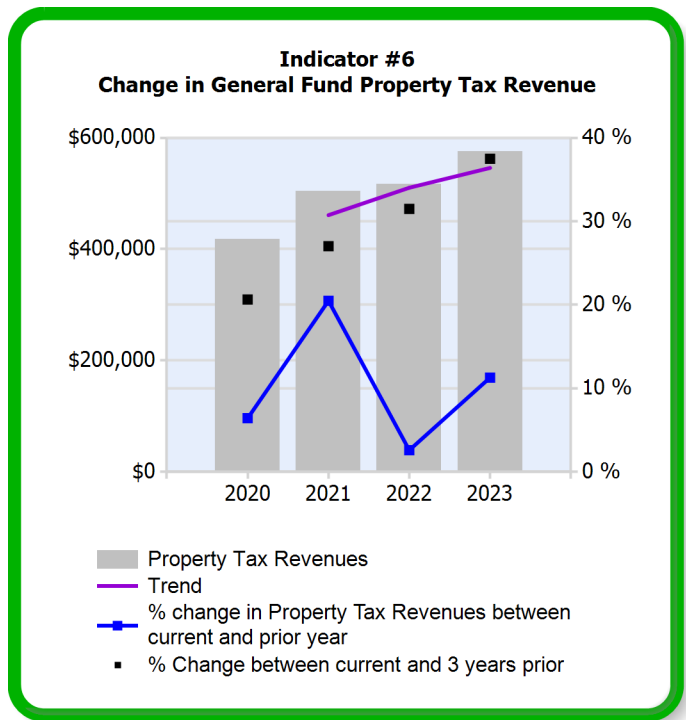
Why is it important?

This indicator reflects declines in property tax revenues and is an indication that an entity may be facing financial hardship due to declines in significant revenue sources. It also will reflect the need for additional sources of revenue to maintain stability.

Critical Outlook – If Property Tax Revenues represent 7-20% of Total General Fund Revenues(#), a trend of declining tax revenue over the last 3 years in excess of 20% **OR** if Property Tax Revenues represent greater than 20% of Total General Fund Revenues(#), a trend of declining tax revenue over the last 3 years in excess of 10%.

Cautionary Outlook – Decline in property tax revenue from the current to the prior year by more than 1%

- Please refer the accompanying data sheet for the calculation of the % of total revenue



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Indicator #7 - Positive Outlook

Decline in General Fund Income Tax Revenue

Description of indicator and what it means:

This indicator reflects the percentage change from year to year for income tax revenues.

Why is it important?

This indicator reflects declines in this revenue type and is an indication that an entity may be facing financial hardship due to declines in significant revenue sources. It also will reflect the need for additional sources of revenue to maintain stability.

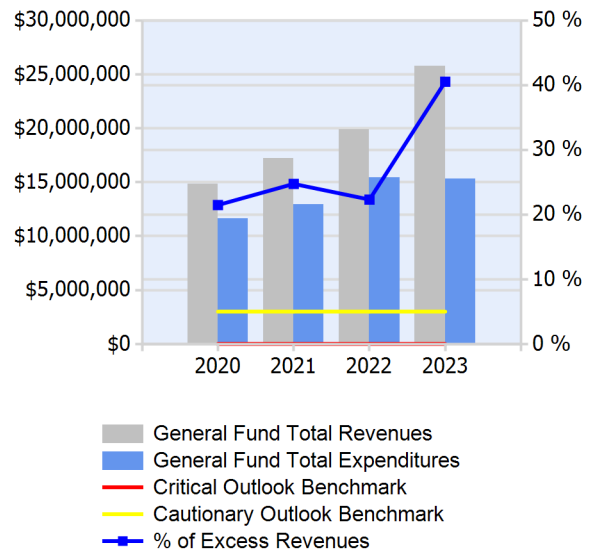
Critical Outlook – If Income Tax Revenues represent 7-20% of Total General Fund Revenues(#), a trend of declining tax revenue over the last 3 years in excess of 20% **OR** if Income Tax Revenues represent greater than 20% of Total General Fund Revenues(#), a trend of declining tax revenue over the last 3 years in excess of 10%

Cautionary Outlook – Decline in income tax revenue from the current to the prior year by more than 1%

- Please refer the accompanying data sheet for the calculation of the % of total revenue

Indicator #8 - Positive Outlook

**Indicator #8
Percentage of General Fund Revenues that Exceed
General Fund Expenditures**



**Percentage of General Fund Revenues that Exceed
General Fund Expenditures**

Description of indicator and what it means:

This indicator is calculated as total General Fund revenues less total General Fund expenditures, divided by total General Fund revenues. It will provide an indication of operating deficits and the size of the operating deficit compared to the current year budget. An operating deficit is the difference between revenues and expenditures. If expenditures exceed revenues, an operating deficit exists.

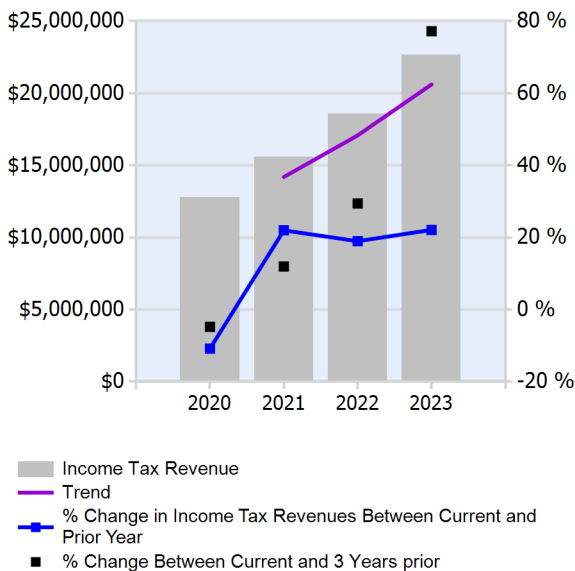
Why is it important?

This indicator is important because it reflects if an operating deficit exists, but also emphasizes the size of the deficit as compared to the current year's budget. This is an indication of the shortage in the current budget. A trend of operating deficits indicates potential financial hardship.

Critical Outlook – Negative percentage

Cautionary Outlook – Low percentage (< 1/20th or 5%)

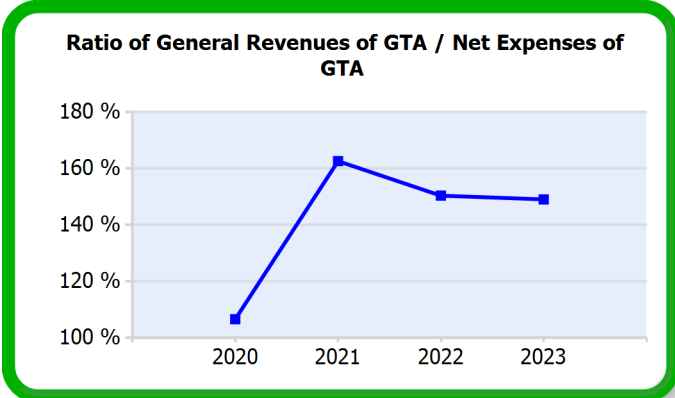
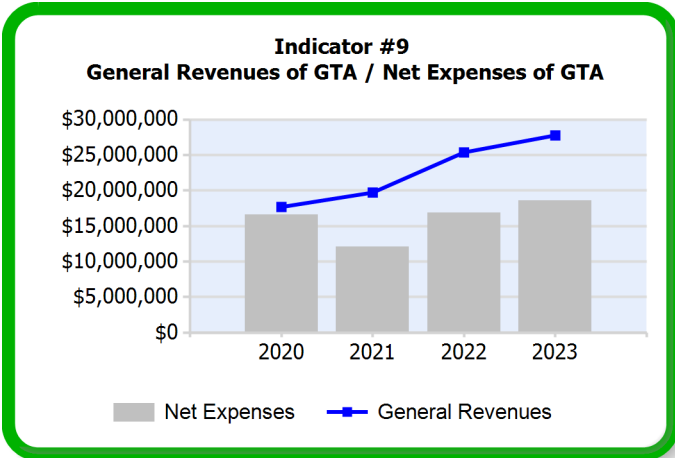
**Indicator #7
Change in General Fund Income Tax Revenue**



City of Groveport
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Accounting Basis: GAAP

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Indicator #9 - Positive Outlook



General Revenues of GTA / Net Expenses of GTA

Description of indicator and what it means:

The ratio of this indicator reflects coverage of net expenses by general revenues. This indicator determines if, on a government-wide basis, expenses are exceeding revenues. For example, local taxes, unrestricted revenues (e.g. investment earnings) and unrestricted grants should be sufficient to meet expenses not covered by program revenues. Net Expense is total expense less program revenues. Program revenues include charges for services (e.g. fees and fines), operating grants and capital grants.

Why is it important?

This indicator is important to be aware if a shortage in revenues to cover expenses exists. A declining trend would indicate fiscal stress.

Critical Outlook – Ratio less than 100%

Cautionary Outlook – Declining trend of at least 3 years

Indicator #10 - Positive Outlook

General Fund Intergovernmental Revenues as a Percentage of Total General Fund Revenues

Description of indicator and what it means:

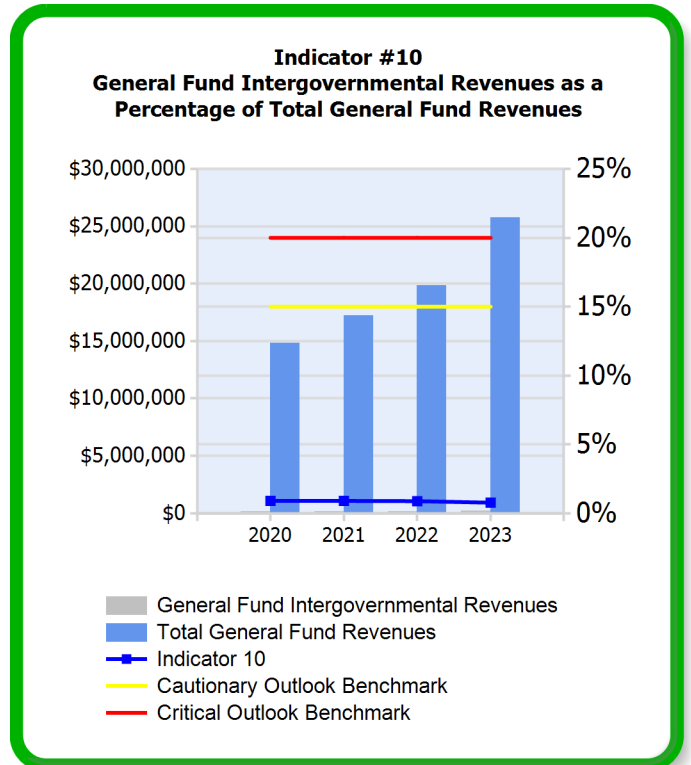
This indicator will reflect an over-reliance on intergovernmental revenues which are subject to state and federal budget cuts. A high percentage suggests the entity is heavily reliant on external governmental organizations for grants, entitlements, or shared revenues; and therefore, vulnerable to decreases in these revenue sources.

Why is it important?

It is important to be aware of the percentage of total revenues that are not considered “own-source,” or local sources of revenue. Understanding the percentage of total revenues derived from intergovernmental sources is important when trying to maintain fiscal stability while dealing with an economic downturn.

Critical Outlook – Ratio greater than 20%

Cautionary Outlook – Ratio between 15% - 20%



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Indicator #11 - Cautionary Outlook

Condition of Capital Assets

Description of indicator and what it means:

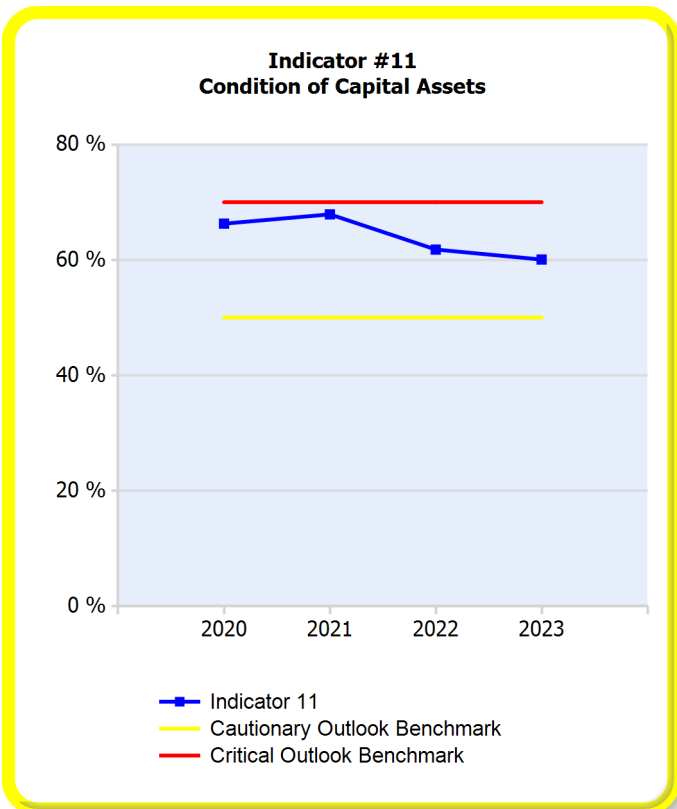
This indicator is accumulated depreciation as a percentage of depreciable capital assets. This indicator will identify apparent situations in which repair or replacement of the local government's capital assets will be necessary. A high percentage indicates capital assets replacement is imminent, and the entity may be delaying replacement of capital assets or significant repairs for cash flow purposes.

Why is it important?

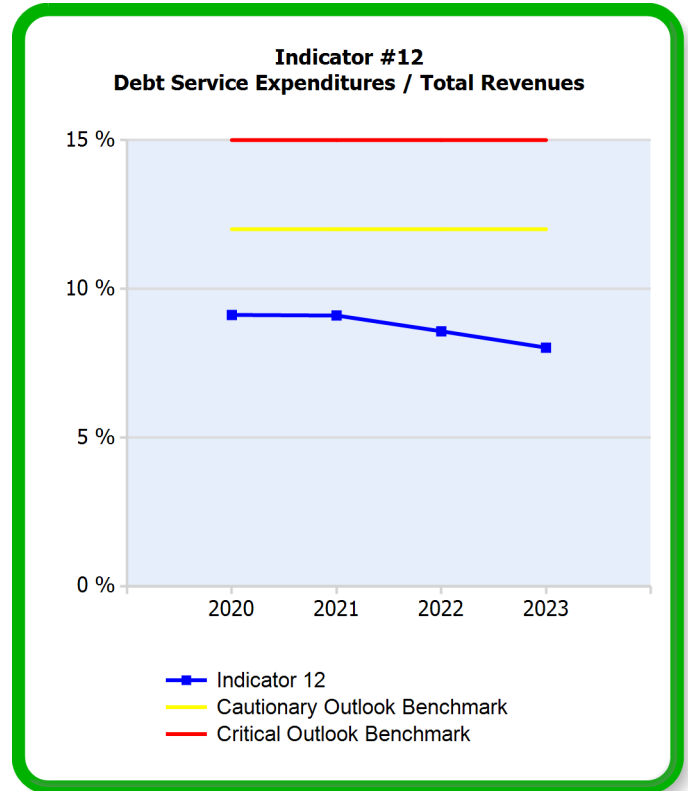
When an entity delays improving or replacing capital assets in order to maintain cash flows for other purposes, improvements and replacements become absolutely necessary and may contribute to financial hardship on an already strained budget.

Critical Outlook – Ratio greater than 70%

Cautionary Outlook – Ratio between 50% - 70%



Indicator #12 - Positive Outlook



Debt Service Expenditures / Total Revenues

Description of indicator and what it means:

This indicator is total debt service expenditures divided by total revenues (for all governmental funds). This indicator identifies the percentage of the budget used/needed for repayment of debt.

Why is it important?

Higher debt service expenditures to total revenues is unfavorable since the entity spends more of its current budget on debt repayment. An increasing trend of debt service expenditures to total revenues may mean the percentage of budget dedicated to debt payments is increasing; and therefore, less revenue will be available for capital asset repair/replacement or meeting current operating demands.

Critical Outlook – Ratio greater than 15%

Cautionary Outlook – Ratio between 12% - 15%

City of Groveport
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**Average Daily Expenses or Expenditures Ratio
(Indicators 13, 14 & 15)**

Description of indicator and what it means:

Indicators 13, 14 and 15 identify the number of days the local government's unrestricted net assets/position, unassigned fund balance, and cash and investments will sustain the entity. The indicators are based on the daily average expenses/expenditures.

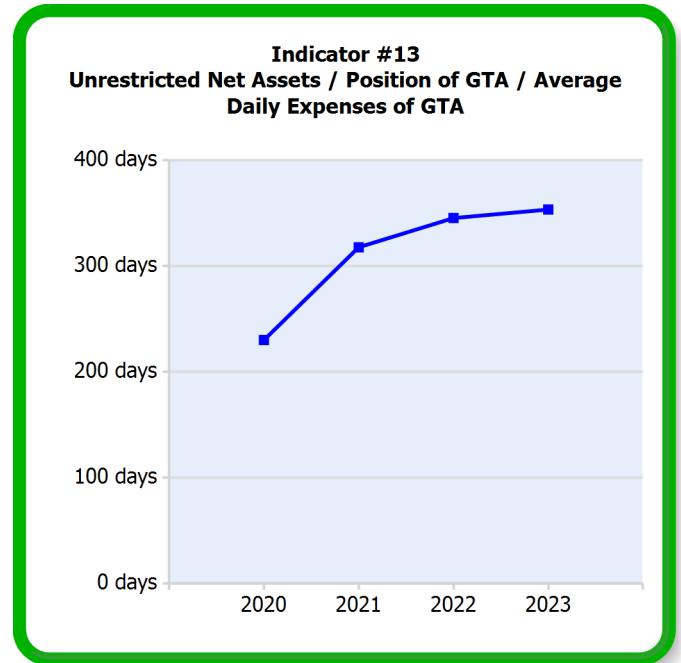
Why is it important?

These indicators are important because they identify the number of days the entity may operate using their unrestricted net assets/position, unassigned fund balance, and cash and investments. The fewer days the entity can operate, the more financial stress they are under. These indicators provide an early indication of an entity's need to adjust their financial/expenditure planning.

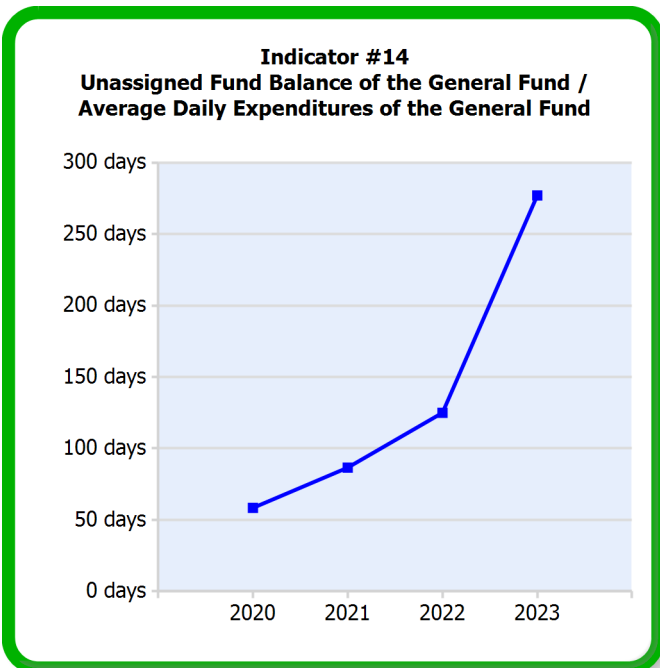
Critical Outlook– Zero days or below

Cautionary Outlook – Less than 30 days

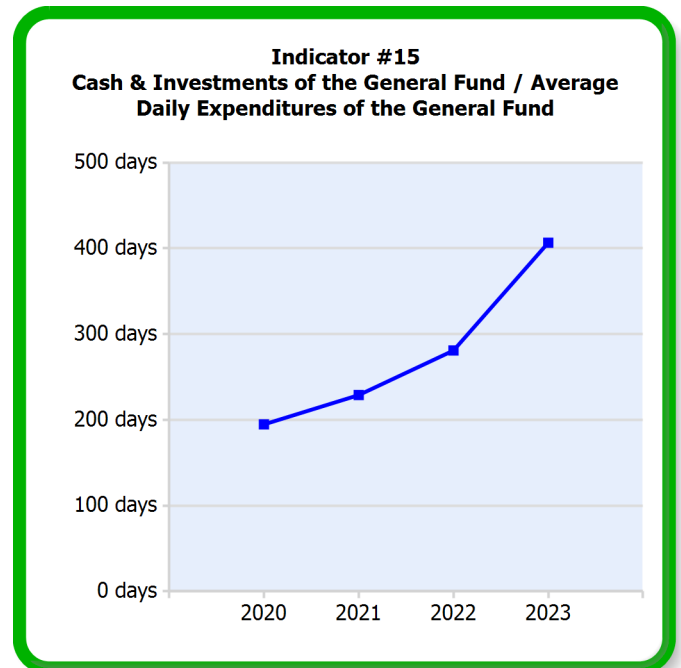
Indicator #13 - Positive Outlook



Indicator #14 - Positive Outlook



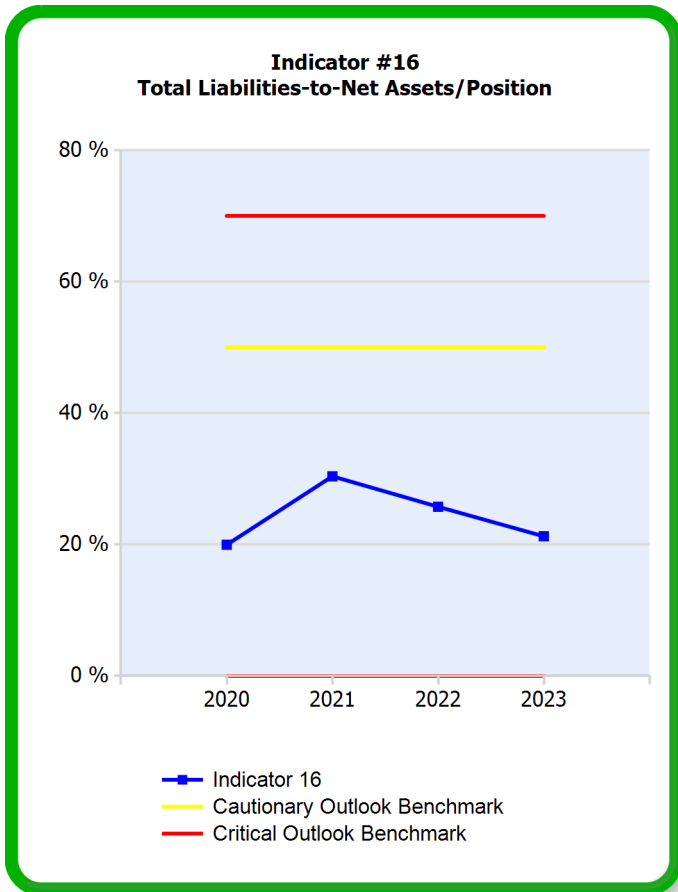
Indicator #15 - Positive Outlook



City of Groveport
Franklin County
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Indicator #16 - Positive Outlook



Total Liabilities-to-Net Assets/Position

Description of indicator and what it means:
This indicator is the ratio of total liabilities of GTA divided by total net assets/position of GTA and indicates the percentage of every dollar of resources available for providing public services that is owed by the entity.

Why is it important?
This indicator identifies entities that are overextended in terms of the percentage of every dollar which is owed to others.

Critical Outlook – Negative ratio (which indicates negative net assets) OR ratio greater than 70%
Cautionary Outlook – Ratio between 50% - 70%

Indicator #17 - Positive Outlook

Budgetary Non-Compliance and/or Unreconciled/Unauditable Financial Records?

Description of indicator and what it means:
This indicator identifies if an entity's recent audit reports include budgetary non-compliance and/or unreconciled/unauditable financial records. Results are presented for the four (4) most recently audited years; however, the indicator #17 determination is only based on the current and prior two (2) audited years.

Why is it important?
This indicator will reflect if an entity is not complying with Ohio budgetary law and/or proper accounting methods. Maintaining accurate, reconciled accounting records and adherence to Ohio budgetary law is a significant factor in maintaining fiscal stability.

Critical Outlook – Direct and material audit finding(s) described above for the current and prior two audit years

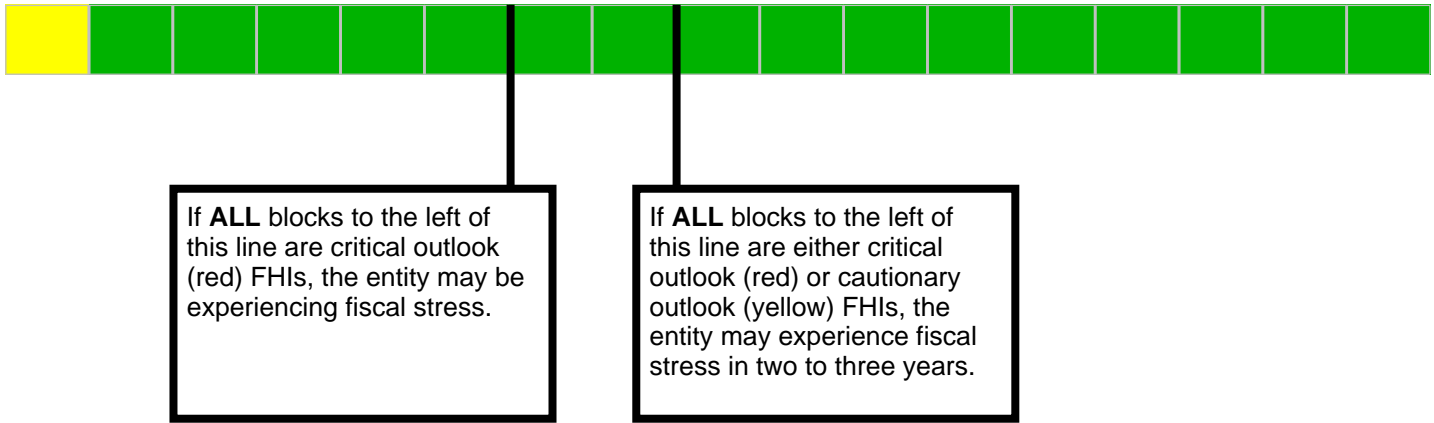
Cautionary Outlook – Direct and material audit finding(s) described above for the current audited year

Audited Year End	Applicable
2023	No
2022	No
2021	No
2020	No

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FHI Analysis – To assist with analysis of the entity’s overall financial health, the graph below presents the current year FHIs in color-order beginning with the number of critical outlook (red) FHIs on the left, followed by the number of cautionary outlook (yellow) FHIs, positive outlook (green) FHIs and not applicable (black) FHIs. Please refer to the information blocks below to determine if the FHIs indicate the entity may be experiencing fiscal stress or, without a course correction, may experience fiscal stress in two to three years.



Financial Health Indicators at a Glance History:

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
2023	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Yellow	Green	Green	Green	Green	Green	Green
2022	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Yellow	Green	Green	Green	Green	Green	Green
2021	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Yellow	Green	Green	Green	Green	Green	Green
2020	Green	Yellow	Green	Green	Green	Green	Yellow	Green	Green	Green	Yellow	Green	Green	Green	Green	Green	Green
2019	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Yellow	Green	Green	Green	Green	Green	Green

Please refer to each year's FHI report and datasheet for detailed information

FHI Definitions

Critical Outlook:

The more serious of the outcomes of the FHI analysis. An indicator with a Critical Outlook signals a potential high risk of fiscal stress. The entity should review the cause of the Critical Outlook indicator and consider steps necessary to alleviate the condition.

Cautionary Outlook:

Although not as serious as an FHI with a Critical Outlook, an indicator with a Cautionary Outlook signals a situation of which the entity should be aware. The entity should review the cause of the Cautionary Outlook indicator since, left unchecked, it could develop into a Critical Outlook indicator.

Positive Outlook:

This entity does not meet a Critical or Cautionary Outlook as defined above.

Not Applicable:

This entity did not report data for this indicator or the data for determination of the indicator is unavailable.

QUESTIONS ?

More detailed information regarding the Financial Health Indicators can be found on our website at <https://ohioauditor.gov/FHI/default.html>

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If you have additional questions, please email: FHIIndicators@ohioauditor.gov

or contact:

Ohio Auditor of State's Office
88 E. Broad St.
Columbus, Ohio 43215

OHIO AUDITOR OF STATE KEITH FABER



Auditor of State Bulletin 2024-005

DATE ISSUED: June 27, 2024

TO: All Public Offices
Community Schools
Independent Public Accountants

FROM: Keith Faber
Ohio Auditor of State

SUBJECT: Required Fraud Reporting and Training

Background

Ohio Senate Bill 91 of the 135th General Assembly amended Ohio Rev. Code § 4113.52 regarding reporting alleged fraud, theft in office, or misuse or misappropriation of public money, effective March 28, 2024. Separately, Ohio House Bill 33 of the 135th General Assembly amended Ohio Rev. Code § 117.103 regarding training material provided by the Auditor of State (AOS) detailing Ohio's fraud-reporting system and the means of reporting fraud, waste, and abuse.

Ohio Rev. Code § 117.103 - Required Training

Ohio Rev. Code § 117.103 was amended to require the AOS to create training material detailing Ohio's fraud-reporting system and the means of reporting fraud, waste, and abuse. The Department of Administrative Services shall provide the AOS's training material to each state employee, statewide elected official, and member of the general assembly. The AOS shall provide the training material to each employee and elected official of a political subdivision. Current employees and elected officials are required to complete the training within ninety (90) days of the date listed in the table below unless good cause exists for completion at a later date. Additionally, each new employee or elected official shall confirm receipt of this material within thirty (30) days after taking office or beginning employment. The training shall be required every four (4) years for each employee or elected official.

Ohio Revised Code § 117.103 requires the AOS to confirm during the course of an audit, as provided in Ohio Revised Code § 117.11, that public employees and elected officials have been provided material as required. The AOS has updated the model form, originally provided in AOS Bulletin 2022-005, to include acknowledgement the information of the fraud-reporting system was provided as well

as completion of the training provided by the AOS. The form is appended to this Bulletin and can also be found on the AOS website.

The training, created by the AOS, is an on-demand virtual training that employees can self-register for free and will be available on the AOS's Training webpage at: <https://ohioauditor.gov/trainings/fraud.html>. CPE certificates will be provided once the training is viewed. These certificates should be collected from employees and retained for audit.

It is vital that all governmental entities develop a process for communicating the statute, bulletin, and the training material to new employees and elected officials, ensure the training is viewed every four (4) years and maintaining documentation (acknowledgement forms and CPE certificates) for audit. The AOS has created a sample tracking spreadsheet, which is appended to this Bulletin and can be accessed by using this link [Click Here](#), as a best practice/suggested tool for tracking employees and the timing of when they have viewed the required training and the date in which each employee is required to view the training in the future (every 4 years).

Elected officials and employees are required to complete the initial training within the timeline listed below. The training may be viewed earlier than the start date listed; however, must be completed no later than the end date listed by entity type unless good cause exists for completion at a later date.

Entity Type	Start Date	End Date (90 days from start date)
County, City, Village, Township	July 1, 2024	September 28, 2024
State Agency	August 1, 2024	October 29, 2024
Traditional School (<i>including Joint Vocational School Districts, Educational Service Centers, & STEM/STEAM Schools</i>)	September 1, 2024	November 29, 2024
Community School	September 1, 2024	November 29, 2024
All other entities	October 1, 2024	December 29, 2024

Ohio Rev. Code § 4113.52 – Requirement to report Fraud, Theft in Office, Misuse and Misappropriation

This section was amended to require state officials and employees of a state agency, as defined in division (D) of § 121.41 of the Revised Code, to report alleged fraud, theft in office, or misuse or misappropriation of public money to the Inspector General. “State agency” means every organized body, office, or agency established by the laws of the state for the exercise of any function of state government, except it does not include the General Assembly, any court, or the offices of the Secretary of State, Auditor of State, Treasurer of State, or Attorney General.

Officials and employees of the General Assembly, any court, or the offices of the Secretary of State, Auditor of State, Treasurer of State, or Attorney General, all other state officials and employees, and certain other persons in a local public office, are required to report alleged fraud, theft in office, or misuse or misappropriation of public money to the AOS.

With respect to a local public office, the law requires a person who, during the person's term of office or course of employment, becomes aware of fraud, theft in office, or misuse or misappropriation of public money, to timely notify the AOS through the fraud-reporting system or other means, if any of the following apply:

- The person is elected to a local public office
- The person is appointed to or within a local public office
- The person has a fiduciary duty to a local public office
- The person holds a supervisory position within a local public office
- The person is employed in the department or office responsible for processing any revenue or expenses of the local public office.

Exempt from reporting fraud, theft in office, or misuse or misappropriation of public money are prosecuting attorneys, directors of law, village solicitors, or similar chief legal officers of a municipal corporation, or to any employee of the prosecuting attorney, director of law, village solicitor, or similar chief legal officer of a municipal corporation. Persons who serve as or are employed as legal counsel for a local public office or a state agency are also not required to report information if it is gained from any communication received from a client in an attorney-client relationship.

Fraud, Theft in Office, Misappropriation, Misuse, Waste, and Abuse Defined¹

Fraud, for purposes of your reporting obligation, refers to the criminal concept of fraud, which occurs when a person knowingly uses deception to obtain a benefit for himself or another. It can also occur when a person knowingly causes, by deception, some detriment to another. Fraud differs from an unintentional error or mistake, or theft, where there is no knowing use of deception.

Examples of Fraud

- Impersonating a government official to steal cash from a government cash collection point
- Creating fictional invoices and using public funds to pay them to yourself or a friend
- Falsifying timesheets for the purpose of gaining additional compensation or leave time
- Falsifying financial statements to cover up a redirecting of public money to a personal bank account

Examples of Errors/Mistakes

- Posting a receipt for the incorrect amount due to a mathematical error
- Accidentally paying an invoice twice
- Inadvertently calculating utility bills at an old rate
- Collecting the student price for an adult ticket at a school sporting event

Theft in office occurs when a public official commits any theft offense of a property or service owned or offered by a public governmental entity while using the official's office in aid of committing the theft. *See* Ohio Rev. Code § 2921.41. An example of theft in office is using the government's credit card, that you have authority to use only through your position with the government entity, to pay for a new TV at your residence.

¹ AOS uses definitions of waste and abuse in accordance with 2018 *Government Auditing Standards* (as updated in 2021). These definitions are subject to change with subsequent *Government Auditing Standards* revisions.

Misappropriation of public money involves knowingly using public money or public property for an unauthorized, improper, or unlawful purpose to serve a private or personal benefit or interest.

Misuse of public money is knowingly using public money or public property in a manner not authorized by law.

Waste in government occurs when resources are used inefficiently or unnecessarily, resulting in unnecessary costs to taxpayers. Waste can include activities that do not include abuse and does not necessarily involve a violation of law. Rather, waste relates primarily to mismanagement, inappropriate actions, and inadequate oversight. Examples could include making travel choices or making procurement/vendor selections contrary to policies or that are considered unnecessarily extravagant or expensive.

Abuse is behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary business practice given the facts and circumstances, but **excludes fraud and noncompliance** with provisions of laws, regulations, contracts, and grant agreements. Abuse also includes misuse of authority or position for personal financial interests or those of an immediate or close family member or business associate. Examples could include creating unneeded overtime, requesting staff to perform personal errands or work tasks for a supervisor or manager, misusing their official position for personal gain.

Ways to Report Fraud, Waste, or Abuse

Officers and employees required by Ohio Rev. Code § 4113.52 to report fraud, theft in office, or the misuse or misappropriation of public money, and those who wish to report waste or abuse, can report to the AOS's Special Investigations Unit in any of the following ways:

- Web: <https://ohioauditor.gov/fraud/default.html>
- Mobile App: *Ohio Stops Fraud* app available on Google Play or Apple App Store
- Phone: 1-866-Fraud-OH (1-866-372-8364)
- Email: FraudOhio@ohioauditor.gov
- US Mail: Ohio Auditor of State's Office
Attn: Special Investigations Unit
65 E. State Street
Columbus, OH 43215

State officials and employees of a state agency, as defined in division (D) of § 121.41 of the Revised Code, should report alleged fraud, theft in office, or misuse or misappropriation of public money to the Inspector General at: <https://watchdog.ohio.gov/file-a-complaint>.

Finally, Ohio Revised Code § 124.341 and § 4113.52 extend whistleblower protections to employees who file a complaint with the AOS fraud-reporting system in certain circumstances.

Questions

If you have any questions regarding the information presented in the Bulletin, please contact the AOS's Special Investigations Unit at (800) 282-0370.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive style with a large, prominent "K" and "F".

Keith Faber
Ohio Auditor of State

Acknowledgement of receipt of Auditor of State fraud-reporting system information

Pursuant to Ohio Revised Code Section 117.103(B), the auditor of state shall create training material detailing Ohio's fraud-reporting system and the means of reporting fraud, waste, and abuse. The department of administrative services (DAS) shall provide the auditor of state's training material to each state employee, statewide elected official, and member of the general assembly.

Current employees and elected officials shall complete the training within ninety days of date specified by the auditor of state as noted in Bulletin 2024-005. No exceptions will be allowed unless good cause exists for noncompliance. Each new employee or elected official shall confirm receipt of this material within thirty days after taking office or beginning employment. The training shall be required every four years for each employee or elected official.

By signing below, you are acknowledging both that DAS provided you information about the fraud-reporting system as described by Section 117.103(B) of the Revised Code and that you have completed review of the training material.

I, _____, have been provided and reviewed materials regarding the fraud-reporting system operated by the Ohio Auditor of State's office. I further state that the undersigned signature acknowledges receipt and review of this information.

NAME TITLE DEPARTMENT

SIGNATURE DATE

Acknowledgement of receipt of Auditor of State fraud-reporting system information

Pursuant to Ohio Revised Code Section 117.103(B), the auditor of state shall create training material detailing Ohio's fraud-reporting system and the means of reporting fraud, waste, and abuse. The auditor of state shall provide the training material to employees and elected officials of a political subdivision.

Current employees and elected officials shall complete the training within ninety days of date specified by the auditor of state as noted in Bulletin 2024-005. No exceptions will be allowed unless good cause exists for noncompliance. Each new employee or elected official shall confirm receipt of this material within thirty days after taking office or beginning employment. The training shall be required every four years for each employee or elected official.

By signing below, you are acknowledging both that the Auditor of State provided you information about the fraud-reporting system as described by Section 117.103(B) of the Revised Code and that you have completed review of the training material.

I, _____, have been provided and reviewed materials regarding the fraud-reporting system operated by the Ohio Auditor of State's office. I further state that the undersigned signature acknowledges receipt and review of this information.

_____	_____	_____
NAME	TITLE	DEPARTMENT
_____		_____
SIGNATURE		DATE

Local Government Name**Auditor of State Fraud-Reporting System Information****Recipient Tracking****Bulletin 2024-005**

7/1/2024 AOS Materials Issue Date

Note: Items in unshaded cells need completed by the local government while green cells contain formulas that should not be changed.

Name of Elected Official / Employee	Current Elected Official/Employee or New Elected Official/Employee (Dropdown List)	Start Date for New Employees	Deadline to Complete Training - New Employee/Official*	2024 Deadline to Complete Training - Current Employee/Official**	Date Completed***	Four-Year Due Date	Four-Year Date Completed***
Betty Buckeye - example	New	8/1/2024	10/30/2024	N/A	9/15/2024	9/15/2028	
Bob Buckeye - example	Current		N/A	9/29/2024	8/15/2024	8/15/2028	
			N/A	N/A			
			N/A	N/A			
			N/A	N/A			
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* Must Complete within 30 Days of Taking Office or Beginning Employment.
 ** Must Complete within applicable deadline as stated in Bulletin 2024-005
 *** AOS encourages employers to collect CPE certificates documenting successful completion of training materials for all employees and retain centrally for audit.