



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: [H.B. 322 of the 130th G.A.](#)

Date: May 29, 2014

Status: As Reported by House State and Local Government

Sponsor: Reps. Duffey and C. Hagan

Local Impact Statement Procedure Required: No

Contents: Requires the Auditor of State to establish rules regarding uniform accounting for public offices

State Fiscal Highlights

- The Auditor of State may incur some costs related to the rulemaking process for publishing notice of the proposed accounting standards and holding public hearings. These costs would likely be paid from GRF appropriation item 070321, Operating Expenses.
- The bill requires the Auditor of State to propose legislation to the General Assembly for the codification of these adopted rules within three years of the bill's effective date.

Local Fiscal Highlights

- The bill does not require political subdivisions to adhere to the accounting standards adopted by the Auditor of State. Local government and other public entity users of the Uniform Accounting Network (UAN) may be able to conform to the Auditor of State's accounting standards by using this system.

Detailed Fiscal Analysis

The bill requires the Auditor of State to establish, by rule, uniform accounting procedures and charts of accounts for use by public offices. The Auditor of State must establish these rules within one year of the bill's effective date. Under the bill, a public office is considered to be any state agency, public institution, political subdivision, other organized body, office, agency, institution, or entity established for the exercise of any function of government, but does not include JobsOhio. While the bill does not require public offices to adopt these procedures or charts of accounts, any public offices that use these procedures and charts would be awarded a "DataOhio Transparency Award – Uniformity of Accounting" designation. Finally, the bill requires that the Auditor of State submit to the General Assembly proposed legislation to establish uniform accounting procedures and charts of accounts for all public offices within three years of the bill's effective date.

Because the bill does not require any public entities to adopt the rules established by the Auditor of State, there would appear to be no direct fiscal impact on local governments unless they chose to undertake any accounting changes as a consequence of the bill. On the state level, the Auditor of State will incur some administrative costs for establishing rules pertaining to uniform accounting procedures and uniform charts of accounts. These costs would likely be paid from the GRF under appropriation item 070321, Operating Expenses. The appropriation for line item 070321 in the current biennial main operating budget is \$27.4 million in both FY 2014 and FY 2015.

Presumably, the accounting rules adopted by the Auditor of State would to some degree resemble the standards that currently apply for public entities that report financial information to the state on the Uniform Accounting Network (UAN). The UAN is a computerized financial management and accounting software system provided and operated by the Auditor. As of this writing, the UAN serviced 1,155 townships, 435 villages, 136 libraries, and 88 special districts with essential auditing and payroll functions. The system is supported by subscriber fees ranging from \$8 per month for entities with annual revenues under \$50,000 to \$325 per month for entities with revenues higher than \$10.0 million in annual revenues. These amounts are deposited into the Uniform Accounting Network Fund (Fund 6750). Ultimately, it is possible that any rules adopted by the Auditor regarding statewide accounting standards could be incorporated into the UAN and would require little action by UAN users.