



House State and Local Government Committee

**Tom Hancock
House Bill 101
April 18, 2023**

Chair John, Vice-Chair Dean, Ranking Member Brennan, and members of the committee, my name is Tom Hancock and I am the Legislative Director for Auditor of State Keith Faber. Thank you for the opportunity to testify in support of House Bill 101.

As the sponsors explained in their testimony, House Bill 101 was prompted by the issues that arose during the dissolution of the Village of Amelia in Clermont County. Our office was heavily involved in that process and House Bill 101 is an effort to provide more clarity should a similar situation arise in the future.

Our agency's primary concern regarding the current village dissolution process is that it complicates our audit independence required by *Generally Accepted Government Auditing Standards*. Broadly speaking, audit independence refers to an auditor's ability to exercise objective and impartial judgement on all issues encompassed within an audit engagement.

ORC 703.20 (C) states "*the auditor of state shall assist in facilitating a timely and systemic manner for complying with the requirements of section 703.21 of the Revised Code.*" Additionally, our normal statutory authority in ORC 117.11, and Ohio Admin. Code 117-4-02, requires us to conduct a final audit of the dissolution after it is complete.

As you can imagine, this creates a complicated dynamic where we must balance our responsibilities under both sections of code without compromising our audit independence. In the case of Amelia, current law meant that we advised local elected officials on what steps to take to unwind the affairs of the village, facilitated meetings and discussions among village and other impacted local government officials and their legal counsel, and our staff then audited that process once it was completed. Due to the complexity of the Village of Amelia's dissolution into two townships and this being the first of its kind, we also found ourselves having to navigate significant legal questions.

House Bill 101 remedies the auditor of state's independence issue by striking ORC 703.20 (C) and designating a receiver-trustee to conduct the dissolution under the guidance of the Transition Supervisory Board. The Auditor of State would then audit the dissolution as the code currently

requires. Put simply, House Bill 101 would remove us from the dissolution process itself and allow our agency to audit the dissolution at its conclusion.

Our office is a strong proponent of the receiver-trustee model because it creates an independent entity who can marshal the assets and liabilities of the dissolving village. This structure provides clear direction on who has what responsibilities throughout a potential dissolution.

Under the current version of the bill, the Transition Supervisory Board will manage the dissolution process – this includes the collection of taxes, debt resolution, utility service transitions, and other duties, with the receiver assisting at the direction of the board.

We appreciate the opportunity to work with the bill sponsors and the county auditors on this legislation. While our office will have suggested amendments, we believe that House Bill 101 is a positive step forward and will result in an improved process.

Thank you again for allowing me to testify and I would be happy to answer any questions.