



**Senate Local Government Committee**

**Tom Hancock  
House Bill 101  
September 12, 2023**

Chair O'Brien, Vice-Chair Gavarone, Ranking Member DeMora, 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 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, which is required by the *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 complete. Due to the complexity of Amelia's dissolution into two townships, along with this being the first dissolution 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 establishing the Transition Supervisory Board to oversee a dissolution, while also striking ORC 703.20 (C). The Auditor of State would then audit the dissolution once it is concluded 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 final product at its conclusion.

Our office is also a strong proponent of the receiver-trustee model because it creates a single entity who can marshal the assets and liabilities of the dissolving village. At the same time, the Transition Supervisory Board provides elected oversight of the receiver-trustee and allows county officials to guide the dissolution. We believe that this format is an effective way to provide an orderly transition that is ultimately managed by the people's elected representatives.

The auditor appreciates the opportunity to work with the sponsors, the county auditors, and the other interested parties on this legislation. House Bill 101 is a positive step forward and we believe that it will result in an improved process.

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