

Local Government Services

The Local Government Services (LGS) Section serves as a consulting and fiscal advisory resource for Ohio's local governments and related entities. Unlike audit services, LGS assistance is discretionary for most governments — except in cases involving Fiscal Caution, Fiscal Watch, Fiscal Emergency, or government dissolution.

Technical Services and Training

LGS provides technical services such as financial statement compilations in accordance with professional standards, reconciliations, record reconstruction, financial forecasting, and on-the-job training. Over the past eight years, AOS has seen an increase in inexperienced Fiscal Officers managing local government finances. In response, under Auditor Faber's administration, LGS began offering four free hours of training to any local government that requests it.

Mergers and Dissolutions

LGS plays a critical role during the merger and dissolution of local governments under Ohio Revised Code (ORC) [§ 703.34](#). After dissolution, LGS must conduct a financial statement and compliance audit per ORC [§ 117.11](#) and Ohio Admin. Code (OAC) [117-4-02](#). This dual responsibility—providing support and conducting audits—requires LGS to balance advisory roles with maintaining audit independence. To resolve this, Auditor Faber championed House Bill 101 (135th General Assembly), developed in partnership with the County Auditors' Association of Ohio. The resulting compromise established a Transition Supervisory Board to oversee dissolutions, with a Board-appointed receiver to manage transition duties. AOS is no longer legislatively involved in the dissolution process but continues to perform final audits through its regional audit division.

For voluntary dissolutions, LGS offers practical guidance to ensure stakeholders understand their options and obligations. For involuntary dissolutions, LGS monitors local governments showing signs of distress and evaluates their financial condition and population. If criteria are met, LGS prepares a report to the Attorney General, who determines whether to initiate court proceedings. In applicable cases, LGS also provides testimony in court.

Fiscal Distress System

LGS oversees local governments experiencing fiscal distress through Ohio's three-tiered system: Fiscal Caution, Fiscal Watch, and Fiscal Emergency. This system, created in 1979 in response to Cleveland's financial crisis, was initially limited to municipalities but was expanded in 1996 to include counties and townships. House Bill 462 introduced Fiscal Watch as an early warning status. In 2011, House Bill 153 created the Fiscal Caution designation to flag emerging financial risks. When a government enters one of these states, LGS analyzes the entity's financial condition, prepares forecasts, and helps implement recovery plans in coordination with financial planning and supervision commissions.

Special Funds and Financial Systems

LGS also reviews and approves the creation of new (special) funds as outlined in ORC [§ 5705.12](#).

In collaboration with AOS IT, LGS administers Web-GAAP, an internet-based system used by schools, cities, and counties to generate GAAP-compliant financial reports. In 2025, LGS partnered with AOS IT to transition Web-GAAP hosting from the State Software Development Team (SSDT) to AOS. Together, they are modernizing the platform through a phased redevelopment. LGS also monitors Uniform Accounting Network (UAN) entities with deficit fund balances.

Accounting Guidance and Publications

LGS maintains standardized financial statement and footnote templates for each of Ohio's applicable accounting bases: GAAP, Cash, and OCBOA regulatory. These templates are published on the AOS website to assist local governments prepare financial reports. LGS also develops AOS Bulletins, FAQ documents, accounting manuals, and other technical guidance for local officials.

Professional Involvement and Training

LGS actively participates in national and state professional organizations. These include the National Association of State Auditors, Comptrollers and Treasurers (NASACT) Lease Standards Implementation Workgroup and Accounting, Reporting and Auditing Committee, and the Government Finance Officers Association (GFOA) Accounting, Auditing, and Financial Reporting Committee. LGS also contributes to GFOA's Rethinking Financial Reporting workgroup.

In addition, LGS collaborates with external associations to develop and deliver continuing professional education (CPE) programs. In partnership with the AOS Training Department, LGS annually hosts the AOS Local Government Officials Conference in Columbus, offering two to three days of CPE on topics such as the Fiscal Integrity Act (FIA), Certified Public Records Training (CPRT), and Certified Public Investment Manager (CPIM) requirements.