



COMMUNITY SCHOOL TRAINING

Aug. 14, 2019

Ohio Department of Transportation

1980 W. Broad St.

Columbus, OH 43223

8 CPE Hours

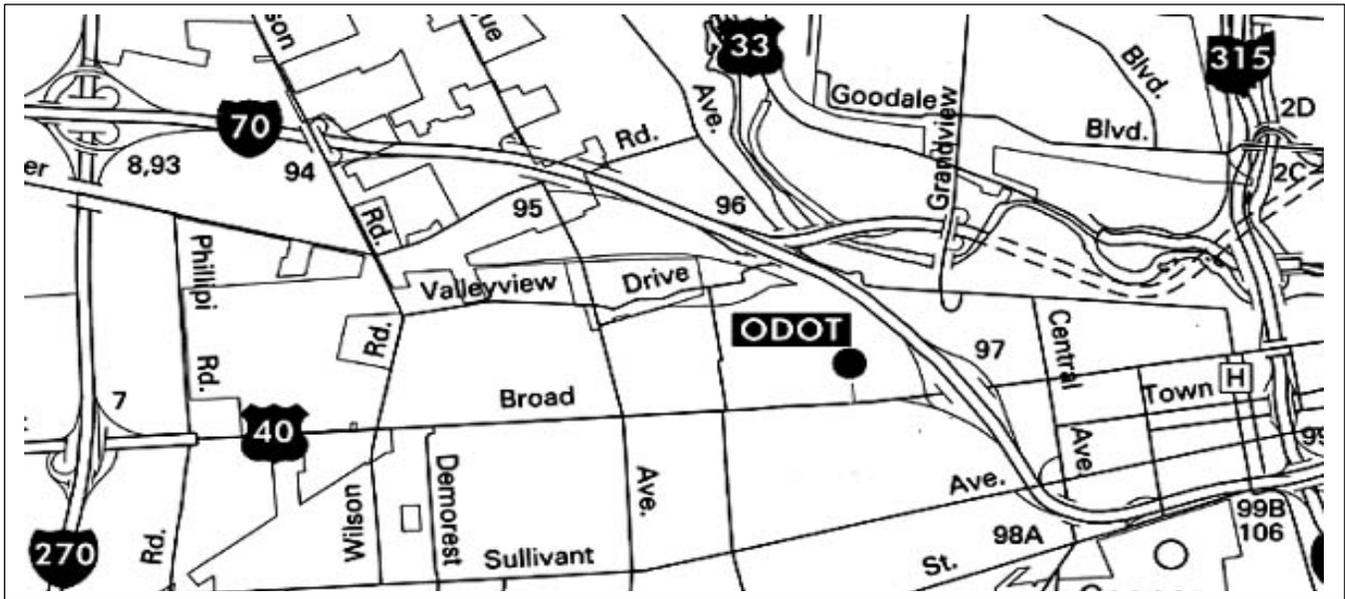
2019 Community School Training Agenda

Wednesday, Aug. 14, 2019

8:00 - 8:55 a.m.	Registration
8:55 - 9:00 a.m.	Opening Remarks
9:00 - 10:00 a.m.	<p>ODE Sponsor Update <i>Karl Koenig & Jo Hannah Ward, Ohio Department of Education</i> Course Description: Attendees will receive an update on the transition of the Office of Community Schools to the Center for Continuous Improvement. Session will provide TA on topics related to work between ODE and AOS, for example on-going compliance with 3314.50.</p> <p>You Will Learn: On-going compliance items, expectations of Office of Community School staff in supporting sponsors Level: N/A</p>
10:00 - 11:00 a.m.	<p>Ohio Compliance Supplement Update <i>Kelly Berger-Davis, Ohio Auditor of State</i> Course Description: This session will highlight changes to the Auditor of State's 2019 Ohio Compliance Supplement.</p> <p>You Will Learn: Updates made to the OCS that are applicable to community schools Level: Intermediate</p>
11:00 - 11:15 a.m.	Break
11:15 - 12:15 p.m.	<p>GASB 87 <i>Chad Welty & Morgan Helmick, Rea & Associates, Inc.</i> Course Description: Two new GASB's will be introduced in order to ensure financial statements are accurately prepared in accordance with accounting standards. Samples will be provide to help understand how to effectively implement the new requirements.</p> <p>You Will Learn: This session will provide participants with a basic understanding of GASB 84 (Fiduciary Activities) in order to ensure operations and financial statements are properly reported. In addition, the significant impact of GASB 87 (Leases) we will explained to ensure accurate financial reporting. ****Audience may wish to have knowledge of their current lessee/lessor agreements to ask questions. Level: All</p>
12:15 - 1:00 p.m.	Lunch
1:00 - 2:00 p.m.	<p>Ohio Ethics Law, Can I Do That? <i>Susan Willeke, Ohio Ethics Commission</i> Course Description: This lively session will help public officials and employees in understanding how to identify and avoid acting on potential conflicts of interest. It will also provide information regarding ethics prohibitions related to public contracts and potential post-employment requirements.</p> <p>You Will Learn: About General assistance available from the Ohio Ethics Commission to assist both the public and public sectors in understanding and complying with the Ethics Laws. Level: N/A</p>

2:00 - 3:00 p.m.	<p>Federal Update <i>Courtney Shalosky, Ohio Auditor of State</i> Course Description: This presentation will provide attendees with an overview on single audits—when and why entities have to have one. Additionally, the presentation will dive into some of the requirements under Uniform Guidance and discuss some of the most recent changes impacting single audits.</p> <p>You Will Learn: When and why a single audit is required, some of the key implementation issues under Uniform Guidance, and some changes that will impact 2019 Single Audits. Level: Novice</p>
3:00 - 3:15 p.m.	Break
3:15 - 4:05 p.m.	<p>ODE EMIS Update <i>David Ehle, Ohio Department of Education</i> Course Description: We will discuss important EMIS changes affecting community schools, including a review of the relevant EMIS reports community schools should be familiar with for detecting and preventing reporting errors.</p> <p>You Will Learn: N/A Level: N/A</p>
4:05 - 4:55 p.m.	<p>ODE School Funding Update <i>Elena Sanders, Ohio Department of Education</i> Course Description: State funding represents the largest source of revenue for community schools. This session will discuss the school funding formula and updates for the 2019-2020 school year.</p> <p>You Will Learn: Attendees will develop a better understanding of school funding in Ohio. Level: N/A</p>

Directions to ODOT



From western part of state:

- . Take 1-70 east, exit at U.S. 40 (West Broad St., exit # 97).
- . At bottom of ramp turn right, onto westbound U.S. 40 (W. Broad St.)
- . Go up hill on U.S. 40 to first traffic light; turn right Into driveway.
- . ODOT is the second large building on the right. Turn left into the parking lot; the lobby is located inside the south (first) entrance.

From eastern part of state:

- . Take 1-70 west to U.S. 40 [West Broad St., exit # 97).
- . At bottom of ramp turn left, onto westbound U.S. 40 [W. Broad St.)
- . Go up hill on U.S. 40 to first traffic light; turn right Into driveway.
- . ODOT Is the second large building on the right. Turn left into the parking lot; the lobby is located inside the south (first) entrance.

From northern part of state:

- . Take 1-71 south to 1-70 west.
- . Take 1-70 west to U.S. 40 (West Broad St., exit # 97).
- . At bottom of ramp turn left, onto westbound U.S. 40 (W. Broad St.)
- . Go up hill on U.S. 40 to first traffic light; turn right into driveway.
- . ODOT Is the second large building on the right. Turn left into the parking lot; the lobby is located inside the south (first) entrance.

From southern part of state:

- . Take 1-71 north to 1-70 west.
- . Take 1-70 west to U.S. 40 (West Broad St., exit # 97).
- . At bottom of ramp turn left, onto westbound U.S. 40 (W. Broad St.)
- . Go up hill on U.S. 40 to first traffic light; turn right into driveway.
- . ODOT is the second large building on the right. Turn left into the parking lot; the lobby is located inside the south (first) entrance.

State Support Teams



Areas of Practice



Foundations for Ohio's Statewide System of Support

ORC 3314.50

No community school may initiate operation unless compliance with this requirement is met to ensure funding is available to cover the costs of the final audit in the event the community school closes (up to \$50,000).

Community schools may comply with this requirement by:

Depositing \$50,000 with the Auditor of State's office

Obtaining a bond that is payable for conditions within 3314.50

Submitting a written guarantee from the community school's sponsor or operator

ORC 3314.50

The Department will review documents submitted to fulfill the requirement and provide feedback.

New schools:

- Submit a copy to the Ohio Department of Education via Epicenter as part of school start-up.
- Submit a copy to the Auditor of State by emailing communityschoolquestions@ohioauditor.gov.

ORC 3314.50

"No community school that is subject to the provisions of this section shall maintain or continue its operations absent the ongoing provision of a bond, a cash deposit, or a written guarantee as required by this section."

ORC 3314.50

Ongoing Compliance:

If a community school (opened after 2016) changes sponsor or operator, the Ohio Department of Education will check to ensure the change did not effect ongoing compliance with this requirement.

ORC 3314.50

Ongoing Compliance:

Opening Assurance was updated to have sponsors ensure ongoing compliance with this requirement.

ORC 3314.50

Ongoing Compliance:

If the community school wishes to change how it complies with the requirement, documentation must be submitted to the Ohio Department of Education and the Auditor of State for review.



Office of Community Schools



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Send questions to:
community.school@education.ohio.gov



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2019 Ohio Compliance Supplement Update

Presented by: Kelly Berger-Davis

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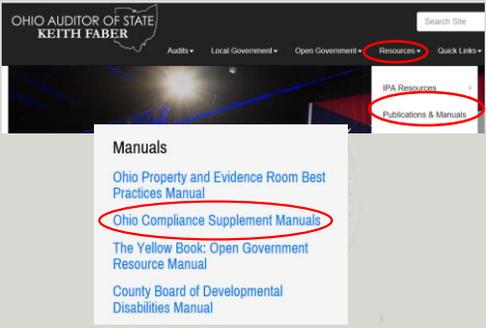
Agenda



- What/Where is the OCS
- Chapter 1 Updates
- Chapter 2 Updates
- Chapter 3 Updates
 - ▶ NEW: Dropout Prevention and Recovery (DOPR) School Eligibility Requirements (3-6)
- Implementation Guide Updates
- Optional Procedures Manual Updates
 - ▶ HB 312

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What/Where is the OCS



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Search Site

Audio • Local Government • Open Government • **Resources** • Quick Links

IPA Resources
Publications & Manuals

Manuals

- Ohio Property and Evidence Room Best Practices Manual
- Ohio Compliance Supplement Manuals**
- The Yellow Book: Open Government Resource Manual
- County Board of Developmental Disabilities Manual

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Chapter 1

1-11 Community Schools Participating in Classroom Facilities Assistance Programs

Added testing for Community
School Grants

Added links for list of community
schools approved for grants in
rounds 1 and 2.

1-23 Collection of Income Tax at Source on Wages

Added reference to court case
which ruled public employees
cannot be forced to pay “fair
share” fees to labor unions.

1-27 Community School Funding – Brick & Mortar, E-School & Blended

Minimum consecutive hours for withdrawing a student changed from 105 to 72 (Effective 11/2/18)

- Testing added to verify that less than 1 FTE was claimed for these students.

If a “modified” ODE FTE review was performed auditors will follow guidance provided by AOS Center for Audit Excellence.

Governing Board required to adopt:

- an enrollment and attendance policy requiring the student’s parent to notify the community school of changes in primary residence.
- a student residence and address verification policy.

1-27 Community School Funding – Brick & Mortar, E-School & Blended

Special Education Funding requirements

- Schools receive weighted special education funding for the portion of the school year a child with a disability has an IEP and ETR.
- EMIS start date should be no earlier than the date the parent signed the initial IEP.
- IEP and ETR should provide an eligibility determination and explanation as to how the student will be served.
- Testing added

1-27 Community School Funding – E-Schools ONLY

Must adjust the % of time attended in EMIS for your students based on the documented learning opportunities.

- Recommended quarterly
- This includes part-time students participating in courses at joint vocational school districts or taking College Credit Plus courses.

1-27 Community School Funding – Blended ONLY

ODE's opening assurances are required to be completed by the sponsor each year and include whether the school will operate a blended learning model.

Attendance requirements, including a majority of time required in the school facility, should be detailed in each community school's education plan and student handbook.

Appropriate documentation of student learning activities should include a combination of attendance in the school facility and documentation of online learning activities.

1-27 Community School Funding – Blended ONLY

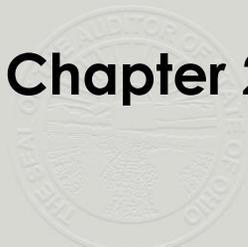
Blended learning models must require students spend the majority of their school year onsite at their school facility.

Schools should include all classroom-based learning opportunities that the students were expected to attend.

Provided the school requires the students to attend a majority of time on-site, the school may get credit for all classroom-based learning opportunities.

For funding, these days and hours are treated just like learning opportunities at a brick and mortar school.

Chapter 2



2-5 Accounting for Management Company Expenses

Added definition of "operator" which is synonymous with "management company"

- An ESC or School District who may or may not be a CS's sponsor, may also be "operating" the CS pursuant to an agreement; and therefore must comply with the footnote requirement.

GAAP opinion may be impacted if OPEB testing assurances are not available for auditors.

If the Management Company was audited by the AOS or an IPA, your auditor will review the audit results and determine whether the management company had sufficient internal controls over compliance.

Updated to include GASB 75

2-13 Sponsor monitoring of community schools

Schools have no authority to pay unused funds to their sponsor

Opening assurances

- required annually in writing from the sponsor of each community school w/i 10 days of school starting
- attest to:
 - compliance with ORC
 - criminal records checks for gov authority members

AOS defers ODE's position that although "school district" includes ESCs, this does not apply if:

- to the sponsor of a community school is also the school district in which that community school is located, the sponsor may sell goods or services to that community school at no profit to the sponsor.

2-13 Sponsor monitoring of community schools (cont'd)

Sponsors are required to monitor the community school's compliance with ORC and their contract

Closing assurances -

- A plan of action is required to be undertaken if the community school experiences financial difficulties prior to the end of the year.
- Sponsors must submit a Suspension and Closing Assurance Template for each school that closed.
 - Submitted quarterly until all closing assurances are submitted.
 - Attest that all necessary notifications are complete.

Community school sponsors are required to report expenditures made to provide oversight, monitoring and technical assistance

2-14 Operator oversight of community schools

Operator = Management Company

- An ESC or school district sponsor may also be an operator based on the agreement.

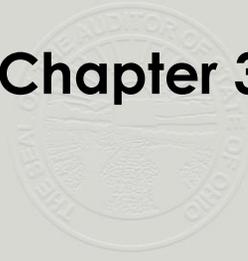
2-22 Fraud and Abuse, Conflict of Interest, Ethics

- Required to provide information about the Ohio fraud reporting system and the means of reporting fraud to ANY public official or employee

2-24 Anti-Bullying provisions

- Updated testing requirements

Chapter 3



3-3 Appointments, compensation, contracts etc.

Virtual participation (i.e. telephone or web conference) does not constitute attendance for compensation.

3-6 Dropout Prevention and Recovery School Eligibility Requirements **(NEW)**

DOPR Community Schools are eligible:

- To receive an alternative report card
- For the alternative NWEA MAP assessment testing of students
- To have flexibility with regards to certain ORC requirements (such as start date)

3-6 Dropout Prevention and Recovery School Eligibility Requirements (NEW)

DOPR schools meet any of the following:

- Any community school that operates a drug recovery program in cooperation with court
- Any community school in which more than 50% of students are enrolled in a DOPR program (requirements on next slide); or
- Any conversion community school whose sponsoring district received a waiver from having the school's academic data rolled up into the district's local report card.

3-6 Dropout Prevention and Recovery School Eligibility Requirements (NEW)

The DOPR program meets the following criteria:

- Serves only students between 16 and 21 years old.
- Enrolls students who are a grade level behind or experience crises that significantly interfere with academic progress.
- Requires students to attain at least the applicable assessment scores or prescribed rule of the state BOE.
- Develops an individual career plan that specifies enrolling in a two-year degree program, acquiring a business and industry credential, OR entering an apprenticeship.
- Provides counseling and support for the student related to the plan developed under ORC 3301.0710(A)(4).
- The program's instructional plan demonstrates how the academic content standards adopted by the State BOE will be taught and assessed.

3-6 Dropout Prevention and Recovery School Eligibility Requirements (NEW)

Eligible individuals 22 years of age may enroll for up to two consecutive school years in a dropout prevention and recovery program.

- A "majority" requirement is not applicable, so a program can consist of only a few individuals.
- Cannot enroll in a DOPR school, but can enroll in a DOPR community schools sponsored DOPR program.

Growth in student achievement in reading, mathematics or both is measured by separate national norm-referenced assessments

Schools ratings of attainment of performance levels and benchmarks are:

- Exceeds standards
- Meets standards
- Does not meet standards

3-6 Dropout Prevention and Recovery School Eligibility Requirements (NEW)

Timeline for Form Submission/DOPR Report Card Designation

- July 1: Sponsor and school complete and submit application OR notify ODE in writing they not longer seek the DOPR report card designation.
- August 15: Sponsor and school will receive decision from ODE
- 10 days prior to 1st day of Instruction: Sponsor must submit opening assurances.

Implementation Guide

Audit Findings

Example Attorney General agreement for FFR repayment should be provided by auditors to clients whenever possible and share the completed plan with the AOS attorney.

Referrals

Added SERS, OP&F Retirement System and ODE to the list of those which have requested notification when local government audits have comment or findings pertaining to their respective agencies.

AOS is required to provide written notice to sponsors of community schools regarding any action taken against the community schools as part of an audit.

- Therefore, our office will provide copies of community school audit reports to sponsors.

Exhibit 2 - Public Officers' Bond

- Insurance is authorized to be used in lieu of surety bonds. Effective 3/20/19. More changes for this in the 2020 OCS.

Exhibit 5 - Legal Matrices

- Updated by Legal

Optional Procedures Manual

O-5 Community schools required to prepare five-year projections

ODE and AOS cannot require a Board to submit its five-year projection of operational revenues and expenditures prior to 11/30.

- Testing for projections to be updated since the prior forecast.

O-22 Establishment of policies, restrictions on use, prohibitions for government credit cards and purchasing cards

House Bill 312

- Effective Date: November 2, 2018
- Not later than three months after the effective date of this section the legislative authority of a political subdivision that holds a credit card account on the effective date of this section shall adopt a written policy for the use of credit card accounts.
- Enacts baseline controls and procedures regarding credit cards for all government entities
- Eliminates the use of debit cards by most government entities
- Promotes enforcement of credit card policies and procedures

O-22 Establishment of policies, restrictions on use, prohibitions for government credit cards and purchasing cards

Definitions

- Political Subdivision - a body corporate and politic that is responsible for government activities in a geographic area smaller than that of the state.
- Credit card account - any bank issued credit card account, stored issued credit card account, financial institution - issued credit card account, financial depository issued credit card account, or any other card account or credit account allowing the holder to purchase foods or services on credit or to transact with the account and any debit or gift card account related to the receipt of grant money.

O-22 Establishment of policies, restrictions on use, prohibitions for government credit cards and purchasing cards

Definitions

- Presentation Instruments - any card, check or account number which can be used to purchase goods or services including purchasing accounts. This is the method of payment NOT cash.
- Debit card account - a card account issued by a financial institution which allows the holder to transfer money electronically to another bank account when making a transaction. For the purposes of this legislation debit card accounts include the following:
 - Single-use cash gift cards
 - Prepaid gift card

O-22 Establishment of policies, restrictions on use, prohibitions for government credit cards and purchasing cards

Credit Card Account does NOT include:

- Procurement card accounts
- Gasoline Card
- Telephone credit card accounts
- Any other card account similar to a gas or phone card where a merchant category code limiting the type of good that may be purchased is in place as a system of control for use of the card account

O-22 Establishment of policies, restrictions on use, prohibitions for government credit cards and purchasing cards

Written Policy Requirements

- Not later than February 2, 2019 the legislative authority of a political subdivision that holds a credit card account must adopt a written policy for the use of credit card accounts. Otherwise, a legislative authority must adopt a written policy before the use of a card account.

O-22 Establishment of policies, restrictions on use, prohibitions for government credit cards and purchasing cards

The written policy must include:

- Appointment of a compliance officer, where applicable
- Officers or positions authorized to use a credit card account
- Types of expenses for which a credit card account may be used
- Procedures for acquisition, use, and management of credit card accounts and presentation instruments related to the account including cards and checks.
- Procedures for submitting itemized receipts to the fiscal officer or the fiscal officer's designee

O-22 Establishment of policies, restrictions on use, prohibitions for government credit cards and purchasing cards

The written policy must include (cont'd):

- The procedure for credit card issuance, credit card reissuance, credit card cancellation and the process for reporting lost or stolen credit cards
- Political subdivision's credit card account's maximum credit limit or limits
- The actions or omissions by an officer or employee that qualify as misuse of a credit card account

O-22 Establishment of policies, restrictions on use, prohibitions for government credit cards and purchasing cards

A public employee found knowingly misusing a credit card account violates section 2913.21, a misdemeanor of the first degree

O-22 Establishment of policies, restrictions on use, prohibitions for government credit cards and purchasing cards

The fiscal officer or the fiscal officer's designee annually must file a report with their board detailing all rewards received based on the use of the political subdivision's credit card account.

No political subdivision may hold or utilize a debit card account, except for law enforcement purposes. Possession or use of a debit card account by a political subdivision, except law enforcement, is a violation of section 2913.21 of the Revised Code.

- The requirements set forth in HB 312 do not apply to debit card accounts related to the receipt of grant moneys.

O-22 Establishment of policies, restrictions on use, prohibitions for government credit cards and purchasing cards

Control Models:

Custody and Control

Compliance Officer Model

O-22 Establishment of policies, restrictions on use, prohibitions for government credit cards and purchasing cards

Custody and Control Model

- System in which the treasurer or fiscal officer maintains physical control over all credit cards of the entity and may use a system requiring the cards to be "signed out" by authorized, designated users.

O-22 Establishment of policies, restrictions on use, prohibitions for government credit cards and purchasing cards

Custody and Control Model

- Entities using the custody model should specify the following items in their written policy:
 - Who the authorized designated users are
 - Reasonable length of time the card is allowed to be out of the control of the treasurer or fiscal officer
 - Procedures that should be followed to submit itemized receipts
 - An officer or employee is liable in person and upon any official bond the officer or employee has given to the political subdivision to reimburse the treasurer for the amount for which the officer or employee does not provide itemized receipts

O-22 Establishment of policies, restrictions on use, prohibitions for government credit cards and purchasing cards

Compliance Officer Model

- System in which the treasurer or fiscal officer does not maintain physical control of credit cards
- Must appoint a compliance officer
 - CANNOT be the treasurer or fiscal officer
 - Should not be an authorized user of the credit card
 - Cannot authorize an officer or employee to use a credit card account.

O-22 Establishment of policies, restrictions on use, prohibitions for government credit cards and purchasing cards

Compliance Officer Model

- The compliance officer, if applicable, and governing authority at least quarterly must review the number of cards and accounts issued, the number of active cards and accounts issued, the cards' and accounts expiration dates and the cards' and accounts' credit limits.

O-22 Establishment of policies, restrictions on use, prohibitions for government credit cards and purchasing cards

Entity Specific Requirements - Community and STEM schools:

If a community or STEM school treasurer does not retain general possession and control of the credit card, the governing authority must appoint a compliance officer.

If the entity is required to appoint a compliance officer:

- Except for a chief administrator of a community or STEM school serving as compliance officer, the compliance officer may not use a credit card account. The compliance officer may not authorize an officer or employee to use a credit card account.
- If a chief administrator acting as a compliance officer has authority to use a credit card account the governing authority must review the credit card account transaction detail monthly and sign an attestation documenting that review.
- Treasurer is not eligible for compliance officer.

Questions?



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GASB Statement No. 84 and 87 Update

Chad Welty, CPA - Principal
Morgan Helmick, CPA - Manager



Agenda

- GASB Statement No. 84 *Fiduciary Activities*
 - *Define*
 - *Examples*
 - *Best Practices to prepare for implementation*
- GASB Statement No. 87 *Leases*
 - *Define*
 - *Old vs New*
 - *Examples*
 - *Best Practices to prepare for implementation*



Intro to GASB Statement No. 84

- 📌 GASB 84
 - *Fiduciary Activities*
 - GASB Statement 84 was developed to provide consistency and comparability across all governmental units by establishing specific criteria to identify and report fiduciary activities.
 - *Implementation Date*
 - Effective for fiscal years beginning after Dec. 15, 2018 (FY2019 for Community Schools)

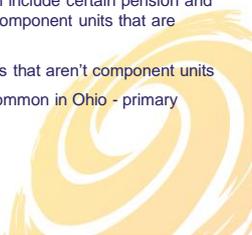


Intro to GASB Statement No. 84

Identifying fiduciary activities

The three types of fiduciary activities defined in this standard are:

- Fiduciary component units, which include certain pension and OPEB arrangements and other component units that are fiduciary
- Pension and OPEB arrangements that aren't component units
- Other fiduciary activities (most common in Ohio - primary discussion points)

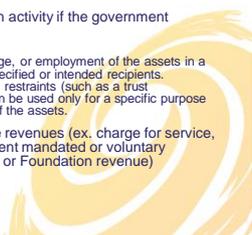


Other Fiduciary Activities Criteria

For all other activities (excluding component units nor pension/OPEB arrangements), the activity must meet certain criteria to be defined as a fiduciary activity.

The activity must meet **all** of the following criteria:

- Assets are controlled by the government.
- A government controls the assets of an activity if the government
 - holds the assets or
 - has the ability to direct the use, exchange, or employment of the assets in a manner that provides benefits to the specified or intended recipients. Restrictions from legal or other external restraints (such as a trust agreement) that stipulate the assets can be used only for a specific purpose do not negate a government's control of the assets.
- Assets aren't derived from own source revenues (ex. charge for service, levied taxes) or derived from government mandated or voluntary nonexchange transactions (ex. Grants or Foundation revenue)



Other Fiduciary Activities Criteria

In addition to the three criteria above, the activity must meet **one** of the following:

- Assets are held in a qualifying trust where the government is not the beneficiary, the assets are legally protected from creditors, and dedicated to providing benefits to recipients.
- Assets are for the benefit of individuals and the government does **not** have **administrative or direct financial** involvement with the assets;
- Assets are for the benefit of organizations or other governments that are **not** part of the financial reporting entity nor a recipient of the government's services



Reporting Fiduciary Activities

Once you identify an activity as fiduciary, you then need to determine the fund type, which will drive the reporting.

GASB defines four different types of fiduciary funds, as follows.

- Pension and other employee benefit trust funds
- Investment trust funds
- Private purpose trust funds (scholarship trusts)
- Custodial funds (primarily student activity for schools)



Reporting Fiduciary Activities

The first three fiduciary funds are existing fund types, as defined by GASB Statement 34. The custodial fund category is new, and replaces what are currently known as agency funds. It's important to note that the criteria for custodial funds is different from the former agency funds, due to GASB's new definition of a fiduciary activity; therefore, some former agency activities will no longer qualify as fiduciary activities.



Reporting Fiduciary Activities

The financial statement reporting requirements for all of these funds types under GASB 84 will include the following:

- Statement of Fiduciary Net Position – This statement will present assets, deferred outflows, liabilities, deferred inflows, and net position of fiduciary activities.
- Statement of Changes in Fiduciary Net Position – This statement will present activity as additions and deductions to net position.



Examples

Example – Drama Club

Test One - control

- Government controls the assets

Test Two – not from certain revenues

- Own source revenues
- Government mandated or voluntary nonexchange transactions

Test Three – meet at least one characteristic

- Trust
- For Individuals – with no admin or direct financial involvement, and not from government's provision of services
- For Organizations – not part of reporting entity, and not from government's provision of services

Criteria met?



Examples

Drama Club

→ Fiduciary Activity



Examples

Example – Speech Team

- The speech team of a school district is allocated a percentage of school district registration fees annually and also receives various donations throughout the year through fundraising activities
- The speech team has 3 student leaders who recommend how the funds should be spent
- The school board has an internal district policy requiring a designated teacher to oversee speech team activities, including purchases, and requiring a principal to approve all speech team purchases
- The teacher sponsor approves team spending and stamps "OKAY TO PAY" on the invoices
- The school principal reviews all team purchase orders and approves them prior to the main office processing the payment
- The school district invests the funds on behalf of the team
- The team is not in a trust equivalent arrangement



Examples

Example – Speech Team

Test One - control

- Government controls the assets

Test Two – not from certain revenues

- Own source revenues
- Government mandated or voluntary nonexchange transactions

Test Three – meet at least one characteristic

- Trust
- For Individuals – with no admin or direct financial involvement, and not from government's provision of services
- For Organizations – not part of reporting entity, and not from governments provision of services

Criteria met?



Examples

Speech Team

→ Governmental Activity



Best Practices

- Identify activities that could potentially fall into these categories (ex. USAS Funds 007, 008, 200, 300, 022)
- Gather any Contracts, Trust Agreements, Board Resolutions or other documents and memo's that explain the source of the assets
 - Check with your auditors or accountant who helps prepare your F/S
 - Review Board minutes and resolutions
- Consult with other school departments that help manage the assets
- Summarize
 - Who/what provided the resources
 - The purpose of the resources
 - Who are the beneficiaries of the resources
- Retain all this documentation for future F/S preparation and Audit
- Evaluate how you classify receipts and disbursements for Fiduciary Funds.
- Start early!



GASB 87 Background

Definition of Lease

- A contract that conveys **control of the right to use** another entity's nonfinancial asset (ex. Building, vehicle and equipment) as specified in the contract for a period of time in an exchange or exchange-like transaction (aka equal value consideration given by both parties)



GASB 87 Implementation

- Effective for reporting periods beginning after December 15, 2019.
 - Dec Year Ends: December 31, 2020 YE
 - June Year Ends: June 30, 2021 YE
- Applied retroactively by restating financial statements for all periods presented.
- Applies to entities who prepare GAAP financial statements.
 - Also Expected to impact the Notes for governments who prepare Cash Basis GASB 34 Look-a-like and AOS Regulatory financial statements.
- NOTE – FASB recently delayed implementation, stay tuned for GASB decision.



GASB 87 Background, con't

Exclusions:

- intangible assets including mineral rights, patents, software, etc.
- biological assets
- inventory for use/resale
- service concession arrangements as addressed in GASB Statement 60
- assets financed with conduit debt
- supply contracts such as power purchase agreements
- transfer of an asset to the lessee at the end of the agreement. This is considered a finance purchase and is reported as a long term liability (discussed later)**



Old Standards vs New Standards

Old

- Operating vs. Capital
- Four criteria for Capitalization
 - Is ownership transferred to lessee by the end of the lease term?
 - Does lease contain a bargain purchase option?
 - Is lease term > 75% of remaining economic/useful life of leased property?
 - Does the Present value of the lease payments exceed 90% of the assets FMV?

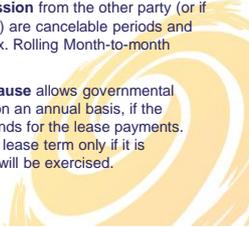
New

- All leases will be reported as capital leases, except for:
 - Short-term leases (max term of 12 months or less)
 - Contracts that Transfer Ownership



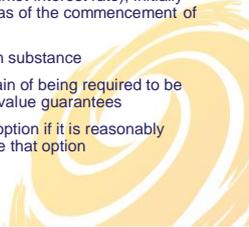
Lease Term Defined – One of the biggest challenges/changes

- The period during which a lessee has a noncancelable right to use an underlying asset (referred to as the noncancelable period), plus periods in which it is reasonably certain the lessee/lessor will cancel or will not cancel a lease option.
- Periods for which both the lessee and the lessor have an **option to terminate** the lease **without permission** from the other party (or if both parties have to agree to extend) are cancelable periods and are excluded from the lease term (ex. Rolling Month-to-month lease).
- A **fiscal funding or cancellation clause** allows governmental lessees to cancel a lease, typically on an annual basis, if the government does not appropriate funds for the lease payments. This type of clause should affect the lease term only if it is **reasonably certain** that the clause will be exercised.



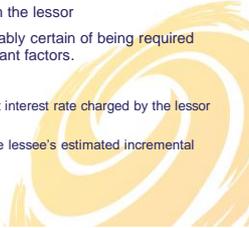
Lessee Recognition and Measurement

- Lease Liability – Measured at present value of payments expected to be made. Measurement includes:
 - Fixed payments
 - Variable payments that depend on an index or a rate (such as the Consumer Price Index or a market interest rate), initially measured using the index or rate as of the commencement of the lease term
 - Variable payments that are fixed in substance
 - Amounts that are reasonably certain of being required to be paid by the lessee under residual value guarantees
 - The exercise price of a purchase option if it is reasonably certain that the lessee will exercise that option



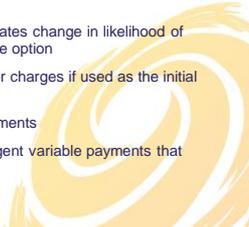
Lessee Recognition and Measurement

- 5 Lease Liability (Cont.)– Measured at present value of payments expected to be made. Measurement includes:
 - Payments for penalties for terminating the lease, if the lease term reflects the lessee exercising (1) an option to terminate the lease or (2) a fiscal funding or cancellation clause
 - Any lease incentives receivable from the lessor
 - Any other payments that are reasonably certain of being required based on an assessment of all relevant factors.
 - Discount Rate
 - Future lease payments discounted at interest rate charged by the lessor or implicit rate in the lease.
 - If rate is not readily determinable, use lessee's estimated incremental borrowing rate (i.e. imputing interest)



Lessee Re-measurement Criteria

- 5 The lessee should re-measure the lease liability if one or more of the following changes have occurred and if changes individually or in the aggregate are **expected to significantly affect the liability** since previous measurement:
 - Change in lease term
 - Assessment of relevant factors indicates change in likelihood of residual value guarantee or purchase option
 - Change in the interest rate the lessor charges if used as the initial discount rate
 - Change in estimated amount of payments
 - Conditions met for change in contingent variable payments that become fixed.



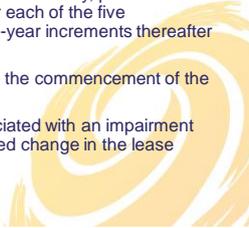
Notes to the FS: Lessee

- 5 A general description of its leasing arrangements:
 - (1) the basis, terms, and conditions on which variable payments not included in the measurement of the lease liability are determined and
 - (2) the existence, terms, and conditions of residual value guarantees provided by the lessee not included in the measurement of the lease liability
- 5 The total amount of lease assets, and the related accumulated amortization, disclosed separately from other capital assets
- 5 The amount of lease assets by major classes of underlying assets, disclosed separately from other capital assets (*new*)
- 5 The amount of outflows of resources recognized in the reporting period for variable payments not previously included in the measurement of the lease liability



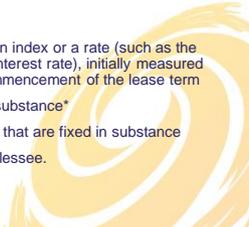
Notes to the FS: Lessee, con't

- 5 The amount of outflows of resources recognized in the reporting period for other payments, such as residual value guarantees or termination penalties, not previously included in the measurement of the lease liability
- 5 Principal and interest requirements to maturity, presented separately, for the lease liability for each of the five subsequent fiscal years and in five-year increments thereafter (*new*)
- 5 Commitments under leases before the commencement of the lease term
- 5 The components of any loss associated with an impairment (the impairment loss and any related change in the lease liability)



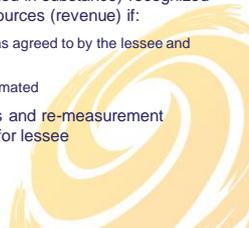
Lessor Recognition and Measurement

- 5 Lease Receivable: present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts.
- 5 Measurement of the lease receivable should include the following, if required by a lease:
 - Fixed payments
 - Variable payments that depend on an index or a rate (such as the Consumer Price Index or a market interest rate), initially measured using the index or rate as of the commencement of the lease term
 - Variable payments that are fixed in substance*
 - Residual value guarantee payments that are fixed in substance
 - Any lease incentives payable to the lessee.



Lessor Recognition and Measurement

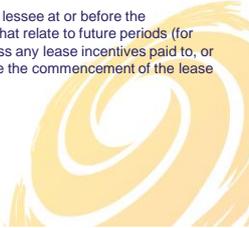
- 5 Measurement of Lease Receivable, con't:
 - Variable payments – Same treatment as for the lessee, except for recorded as revenue when earned
 - Residual value guarantee (not fixed in substance) recognized as a receivable and inflow of resources (revenue) if:
 - a guarantee payment is required (as agreed to by the lessee and lessor) and
 - the amount can be reasonably estimated
 - Discount rate for future payments and re-measurement conditions – Same treatment as for lessee



Lessor Recognition and Measurement

Deferred Inflow of Resources:

- A lessor initially should measure the deferred inflow of resources as follows:
 - The amount of the initial measurement of the lease receivable
 - Lease payments received from the lessee at or before the commencement of the lease term that relate to future periods (for example, the final month's rent), less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term.



Lessee Recognition and Measurement

Leased Asset – measurement:

- Sum of the following:
 - The amount of the initial measurement of the lease liability
 - Lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term
 - Initial direct costs that are ancillary charges necessary to place the lease asset into service.



Lessee Recognition and Measurement

Lease Asset – Amortization:

- Amortized over the **shorter of** the lease term or the useful life of the underlying asset, except if:
 - The lease contains purchase option the Lessee has determined to be reasonably certain of being exercised, the leased asset should be amortized over the useful life of the leased asset.
 - Old Standards allowed you to chose (Lease Term vs Capital Asset Policy-Useful Life)



Lessor Recognition and Measurement

Underlying Asset:

- Lessor should continue to recognize asset on its books, including depreciation and impairment.
- If lease requires lessee to return the asset in its original or enhanced condition, lessor should not record depreciation.

Asset re-measurement (if applicable):

- A lease asset generally should be adjusted by the same amount as the corresponding lease liability when that liability is re-measured.
 - If the change reduces the carrying value of the lease asset to zero, any remaining amount should be reported as a gain (i.e. revenue).

Notes to the FS: Lessor

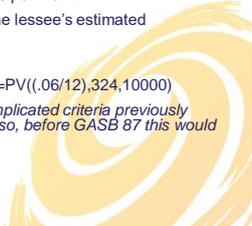
- A general description of its leasing arrangements, including the basis, terms, and conditions on which any variable payments not included in the measurement of the lease receivable are determined
- The total amount of inflows of resources (for example, lease revenue, interest revenue, and any other lease-related inflows) recognized in the reporting period from leases, if that amount cannot be determined based on the amounts displayed on the face of the financial statements
- The amount of inflows of resources recognized in the reporting period for variable and other payments not previously included in the measurement of the lease receivable, including inflows of resources related to residual value guarantees and termination penalties
- The existence, terms, and conditions of options by the lessee to terminate the lease or abate payments if the lessor government has issued debt for which the principal and interest payments are secured by the lease payments.

Notes to the FS: Lessor

- A lessor also should provide relevant disclosures for the following transactions, if applicable:
 - Leases of assets that are investments
 - Certain regulated leases
 - Sublease transactions
 - Sale-leaseback transactions
 - Lease-leaseback transactions

Example: Building Lease

- 📌 Commencement 7/1/2019
- 📌 Term of lease – 12 years (3 five year renewal options, expected to accept)
- 📌 Non-cancelable lease (clause allows for closing of school only)
- 📌 Base rent \$120,000 annually - \$10,000 per month
- 📌 Interest rate – 6% (if not stated, use the lessee's estimated borrowing rate)
- 📌 Number of Payments 324 (27*12)
- 📌 Calculated Present Value \$1,602,602= $PV((.06/12),324,10000)$
- 📌 *Note – Basic lease here, no other complicated criteria previously discussed that could be in a lease. Also, before GASB 87 this would have been an "operating lease".*



Accounting for Lease: Building Lease

📌 Journal Entries

Lease recording
Financial Statements

Lessee:
Dr. Leased Asset \$1,602,602
Cr. Capital Lease Liability \$1,602,602
Lessor:
Dr. Lease Receivable \$1,602,602
Cr. Deferred Inflow of Resources
\$1,602,602



Capital Lease Exception : Short-Term Lease

- 📌 Term is 12 months or less
 - Includes any options to extend, regardless of their probability of being exercised.
- 📌 F/S treatment an operating lease
 - Lessee: Recognize lease payments as outflows of resources (expenditure) based on lease contract.
 - Various Note disclosure requirements (pretty much unchanged from old standards)



Capital Lease Exception - Contracts that Transfers Ownership

- 📌 If:
 - transfers ownership of the underlying asset to the lessee by the end of the contract (not including BPO) **and**
 - does not contain termination options, but may contain a fiscal funding or cancellation clause that is not reasonably certain of being exercised
- 📌 Report as a financed purchase (i.e. debt) of the underlying asset by the lessee or sale of the asset by the lessor
 - Lessee: Dr. Lease Asset, Cr. Lease Liability (Long term liability)
 - Really just a change in terminology for the Lessee but does remove the asset off the books for the Lessor.

Example: Transfer of Ownership –Equipment

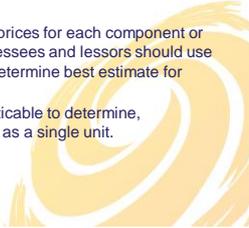
- 📌 Commencement 5/1/2019
- 📌 Term of lease – five years
- 📌 Contains cancellation clause (not reasonably certain)
- 📌 Base rent \$24,000 annually
- 📌 Payment Amount \$2,000
- 📌 Interest rate – 3% (if not stated, use the lessee's estimated borrowing rate)
- 📌 Number of Payments 60 (since cancellations is "not reasonably certain")
- 📌 Calculated Present Value $\$111,305 = PV((.03/12), 60, 2000)$. Report this amount as an Asset and the Liability.

Accounting for Lease: Transfer of Ownership

- 📌 Lease recording
 - Financial Statements
 - Lessee:
 - Dr. Leased Asset \$111,305
 - Cr. Lease Liability \$111,305
 - Lessor:
 - Dr. Lease Receivable \$111,305
 - Cr. Leased Asset \$111,305

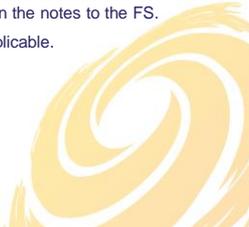
Contracts with Multiple Components

- 📌 Contract could contain both a lease component and a non-lease component
 - The government should account for the lease and non-lease components as separate contracts unless the contract meets the exception:
 - Contract does not contain prices for each component or prices are unreasonable, lessees and lessors should use professional judgment to determine best estimate for allocation
 - If best estimate is not practicable to determine, components accounted for as a single unit.



Contracts with Multiple Components

- 📌 Contract could contain multiple underlying assets
 - Different lease terms - Each asset should be accounted for as a separate lease component
 - Different asset classes - Each asset should be accounted for as a separate lease component in the notes to the FS.
 - Exception in previous slide is applicable.



Contracts with Multiple Components

- 📌 Allocation of price
 - First use prices for individual components included in the contract as long as they do not appear unreasonable based on contract terms and professional judgment. (i.e. Stand alone prices – price paid if similar assets or similar non-lease components were contracted individually)



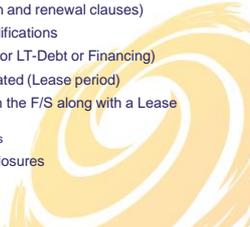
Other key components to consider

- 🔗 Lease Modifications and Terminations
- 🔗 Subleases and Leaseback transactions
- 🔗 Asset impairment



GASB 87 – So what really changed

- There are many things, however most leases will be impacted by:
 - What qualifies as a Lease (new exceptions criteria) & how reported/disclosed
 - Change to Short Term Defined
 - Changes to assets that transfer ownership
 - Identifying the Lease term (cancellation and renewal clauses)
 - What to do when there are Lease Modifications
 - How liability is reported (Capital lease or LT-Debt or Financing)
 - How the Leased Asset is now depreciated (Lease period)
 - Lessor's now keep the Capital Asset in the F/S along with a Lease Receivable
 - Exception – Transfer of Ownership Leases
 - Some minor changes in the Note Disclosures



Steps to Take Now

- 🔗 Determine whether bond covenants or other issues exists due to how these liabilities are now classified.
 - More Capital Leases
 - Transfer of Ownership leases now considered financed acquisitions and not termed "capital lease" in the financial statements. Will appear as debt
- 🔗 Establish policies that can be applied to current leases being created and will be in effect when GASB-87 is implemented.
 - Capitalization threshold for leases
 - Address what "reasonably certain" means
 - Address the allocation process and procedures for non-lease components
 - System to capture data related to lease components



Best Practices

- Gather EVERY lease for your government
 - Leasing entities
 - Outside departments/buildings
 - Auditors
 - Accountant who may assist with preparing the Financial Statements
- Ensure information includes the amortization schedules
- Retain all this documentation for future F/S preparation and Audit
- Start early!



Questions?

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Ohio Ethics Law Overview



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Introduction

Public servants in Ohio have both privileges and responsibilities. Every day, public servants are privileged to help their fellow Ohioans. Whether they provide necessary services to people with disabilities, fight fires or crime, or conduct building inspections to make sure new construction is safe, public servants change the lives of their fellow citizens for the better.

Public servants also have responsibilities. One of those responsibilities is to comply with the [Ohio Ethics Law](#). The Ethics Law applies to all public officials and employees in the state. Whether they are full-time or part-time compensated employees, elected officials, or uncompensated members of decision-making boards, all public servants are required to comply with these laws.

This overview has been created to assist public officials and employees in better understanding – and therefore complying with – the Ohio Ethics Law. You may be aware that public agencies are statutorily required to provide a copy of the Ohio Ethics Law to all new public officials and employees. This overview may serve as a helpful supplementary document that explains the statute in layperson-friendly language. Please note that this overview cannot be provided instead of the Ohio Ethics Law, but rather in addition to enhance the learner’s understanding of the law.

Throughout this document, you will find explanations of the Ohio Ethics Law along with examples and links to previously issued advisory opinions and other commission publications.



Examples are denoted by a magnifying glass like this one



Links to relevant advisory opinions are denoted by this symbol

Contact information for the Ohio Ethics Commission can be found on the front cover and the last page of the document.

Ethics Commission Authority and Administration

In addition to the Ethics Law itself (Chapter 102 of the Revised Code), there are two provisions in Chapter 2921 (Ohio’s Criminal Code) that fall under the authority of the Ethics Commission. There “related statutes” are included in the document that will be provided to each public official or employee by the public agency. The authority of the Ethics Commission is limited to ethics issues that arise under Ohio Revised Code Chapter 102 and Sections 2921.42 and 2921.43.

The following four provisions of the Ethics Law establish the authority and duties of the Ethics Commission and govern its operation.

R.C. 102.05 creates and empowers the Ethics Commission. Statutes of this kind are called “enabling” statutes, because they enable a public body to engage in the activities described in the law. This statute defines the makeup of the Ethics Commission, appointment of its members, and its authority.



More information about these matters is available in the [General Information Fact Sheet](#).

R.C. 102.06 describes the Ethics Commission’s investigative authority. It establishes the confidentiality of investigations, the Commission’s subpoena and hearing authority, and allows the Commission to enter into settlements of cases.



More information about the Commission’s investigative authority can be found on the [Investigation homepage](#) and the [Investigation Confidentiality Fact Sheet](#).

R.C. 102.07 describes the confidential nature of Ethics Commission records.

R.C. 102.08 describes three other areas of the Commission’s authority:

- Issuing Advisory Opinions—The Ethics Commission issues advisory opinions in response to questions on conflicts of interest or financial disclosure. Any person can request an advisory opinion about actions he or she is considering. An advisory opinion of the Commission is a written document based on a written request disclosing the relevant facts. The Commission staff cannot provide verbal or written advisory opinions in response to questions posed on the telephone or in an email, questions involving the actions of someone other than the requester, or questions involving events that have already occurred.

An advisory opinion issued by the Commission provides the official or employee, and any other person in a similar situation, with immunity from civil action, criminal prosecution, or removal from office for the activity described in the opinion. More information about the Commission’s past advisory opinions and mechanisms for seeking new opinions can be found on the [Advice homepage](#).

- Conducting an Educational Program—The Ethics Commission provides a wide variety of ethics education and public information. The Commission teaches classes, prepares and disseminates pamphlets and information sheets on specific ethics issues, and offers webinars and other online education resources. The Commission also prepares a monthly newsletter with updates and new information. More information about the Commission’s educational activities, including upcoming classes and webinars, can be found on the [Education homepage](#).
- Recommending Legislation—The Ethics Commission is empowered to recommend legislative changes on matters related to the Ethics Law to the General Assembly.

Table of Contents

Introduction	2
Chapter 1	6
Definitions (R.C. 102.01)	
Chapter 2	7
Financial Disclosure Laws (R.C. 102.02)	
Notification (R.C. 102.09)	
Chapter 3	8
Revolving Door Law/Post Employment Law (R.C. 102.03(A)(1))	
Post-Employment Disclosure (R.C. 102.021)	
Chapter 4	10
Confidentiality (R.C. 102.03(B))	
Conflicts of Interest Restrictions - Use of Authority (R.C. 102.03(D))	
Chapter 5	12
Conflicts of Interest Restrictions - Soliciting or Accepting Things of Value (R.C. 102.03(E))	
Chapter 6	14
Honorarium and Travel Expenses Restrictions (R.C. 102.03(H)(1), (H)(2), and (I))	
Chapter 7	15
Restrictions Applying to Officials and Employees of the Casino Control Commission (R.C. 102.03(L) and (M))	
Chapter 8	16
Rendering Services on a Matter Before Another Public Entity (R.C. 102.04)	
Chapter 9	19
Public Contract Law (R.C. 2921.42(A)(1), (A)(2), (A)(3), and (A)(4))	
Chapter 10	22
Nepotism (R.C. 2921.42(A)(1))	

Chapter 11	24
Supplemental Compensation (R.C. 2921.43)	
Chapter 12	25
Election Related Issues (R.C. 2921.43(C) and (F); R.C. 102.03(G))	
Chapter 13	26
Restrictions (R.C. 102.99)	
Conclusion	27

Chapter 1

Definitions (R.C. 102.01):

The first section in the law is the definitions. Among the most important definitions are:

- A “public official or employee” is any person who is: (1) elected or appointed to an office of a public agency; or (2) employed by a public agency. Teachers, professors, or other educators are excluded from some, but not all of the restrictions.
- A “public agency” is any department, division, institution, board, commission, authority, bureau, or other entity of the state, or any county, city, village, township, or other instrumentality of the state. Included are any public library, school district, regional transit authority, and all other public bodies. [R.C. 102.01(C)]



[Advisory Opinion 93-017](#)

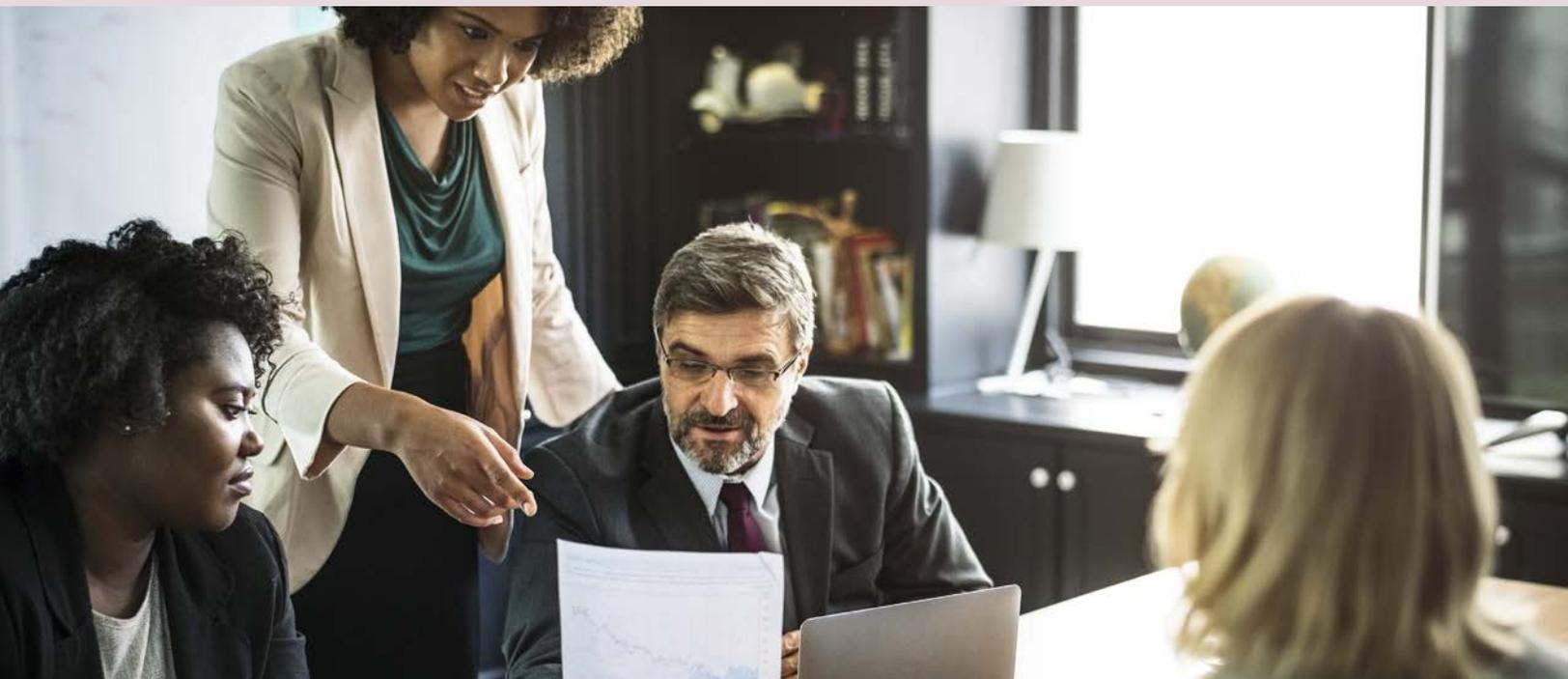


More information about the Commission’s investigative authority can be found on the [Investigation homepage](#) and [Investigation Confidentiality Fact Sheet](#). [R.C. 102.01(B)]

- “Anything of value” includes any money, goods, checks, real estate interests, the promise of future employment, and “every other thing of value.”



More information about what is included in “anything of value” can be found in R.C. 1.03 and [Advisory Opinions 2001-03](#) and [2009-03](#).



Chapter 2

Financial Disclosure Laws (R.C. 102.02):

The second section in the law covers the financial disclosure requirement. About 12,000 public officials, public employees, and candidates for public office complete financial disclosure statements each year. The significant majority of public officials and employees don't have to file statements.

Most people who are required to file statements must disclose personal financial information such as sources of income and gifts, companies in which they have investments, and sources of travel expenses or meals. [R.C. 102.02(A)] A very small number of filers are required to disclose less information. Included are members of college and university boards of trustees and members, uncompensated board members, and employees of JobsOhio. These filers, for example, don't have to disclose information about travel or meal expenses. [R.C. 102.022]

All filers, or their agencies, pay filing fees, which help to support the work of the Commission. [R.C. 102.02(E) and (G)] People who file statements after the deadline must pay late fees. [R.C. 102.02(F)] People who fail to file or who file false statements may face criminal charges. [R.C. 102.02(C) and (D)]

Most statements filed with the Ethics Commission are public records. [R.C. 102.02(A)] However, statements filed by members of state boards and commissions who are not compensated, and statements filed by the members and employees of JobsOhio, are confidential. [R.C. 102.02(B)]

Notification (R.C. 102.09):

This section describes who is responsible for informing public officials and employees about either the requirement to file financial disclosure statements or about the Ethics Law itself. The first three sections [102.09(A), (B), and (C)] describe the methods whereby certain officials, employees, or candidates are given financial disclosure statements. More information about these sections can be found on the [Financial Disclosure homepage](#).

The final section [R.C. 102.09(D)] requires all public agencies to provide a copy of the law to all officials and employees who serve the agency. The agency can provide the law in either physical (paper) format or as an electronic link. This document was created to accompany the copy of the law provided by a public employer and explain the law more fully.

More information about who is required to file, what they need to disclose, and how the Commission handles filed statements is available on the [Financial Disclosure homepage](#). Information about how to access statements filed by other officials and employees is also available on the [Financial Disclosure homepage](#).

Chapter 3

Revolving Door Law/Post Employment Law (R.C. 102.03(A)(1)):

Revolving Door (R.C. 102.03(A)(1)): The Ethics Law prohibits a current or former public official or employee from representing any person before any public agency on matters in which the official or employee personally participated.



EXAMPLE: A member of a city zoning commission is also an architect. As a zoning commission member, she participated in a decision on a pending residential project. This section prohibits her from representing a client before the zoning commission, and before any other board, commission, or office, on the residential project.

Relevant terms:

Represent—Any formal or informal appearance before, and any written or oral communication with, any public agency.

Public agency—Any state or local public agency, including any state department, board, or commission, any public college or university, and any county, city, village, township, school district, or public library.

Matter—Any case, proceeding, application, determination, issue, or question. Examples of a “matter” include a hearing on a permit application, a policy determination, and an investigation into wrongdoing.

Personal participation—Any decision, approval, disapproval, recommendation, rendering of advice, investigation, or other substantial exercise of administrative discretion. A public official or employee has personally participated in a matter if, for example, he or she investigated, made decisions, approved, or made recommendations on the matter. A matter is any case, proceeding, application, determination, issue, or question.



More information about the revolving door restriction is available in the [Revolving Door Information Sheet](#) and [Advisory Opinion 2011-03](#).

Exceptions [R.C. 102.03(A)(6), (7), (8), and (9)]: There are four main exceptions to the revolving door law -

R.C. 102.02(A)(6): A former public official or employee is not prohibited from assisting or representing his or her former public agency.



[Advisory Opinion 2012-04](#)

R.C. 102.02(A)(7): A former public official or employee is not prohibited from performing ministerial functions, such as filing applications for permits or licenses or other documents, on any matter.

R.C. 102.02(A)(8): A former state employee who gets a new job with a different state agency is not prohibited from representing his or her new public employer on any matter, including a matter in which he or she personally participated as an employee of the public agency. This exception does not apply to any audit or in which the former state employee personally participated.

R.C. 102.03(A)(9): A former employee of a local public agency who moves from one job to another job in the same local agency is not prohibited from representing his or her new public employer on a matter in which he or she personally participated as an employee of the public agency.



Specific Revolving Door Restrictions: The Ethics Law contains three other specific revolving door restrictions that apply to a limited group of public officials and employees. These restrictions apply to:

Former Commissioners and Attorney Examiners for the Public Utilities Commission of Ohio (R.C. 102.03(A)(2));

Former officials and employees of any public agency whose job duties included authority over solid or hazardous waste matters (R.C. 102.03(A)(3)); and

Current or former officials and employees of the Ohio Casino Control Commission (R.C. 102.03(A)(10)].



More information about this section is available in the [Casino Control Information Sheet](#) and [Advisory Opinion 91-003](#).

Post-Employment Disclosure (R.C. 102.021):

Any state elected official and any state employee who is required to file a financial disclosure statement must, when leaving his or her public position, file a statement disclosing their subsequent place of employment. The statement must be filed with the Office of the Legislative Inspector General. Some officials and employees may be required to file periodic statements for 24 months after leaving their public positions.



More information about the post-employment disclosure requirement is available from the [Office of the Legislative Inspector General](#).

Chapter 4

Confidentiality (R.C. 102.03(B)):

If an official or employee has access to confidential information in his or her public job, he or she is prohibited from disclosing or using that confidential information, in any way, unless the public agency has authorized the person to disclose or use it. This restriction is in effect during and after a person's public service, as long as the information remains confidential.



[Advisory Opinion 93-012](#)

License and rate making [R.C. 102.03(C)]: This section prohibits a public official or employee from participating in license or rate-making proceedings that affect the licenses or rates of the official or business entity in which the official or employee, or any of his or her family members, has an investment of over five percent.



[Advisory Opinion 75-023](#)

Conflicts of Interest Restrictions - Use of Authority (R.C. 102.03(D)):

Use of Position to Secure Benefit [R.C. 102.03(D)]: The conflict of interest law prohibits a public official or employee from using or authorizing the use of his or her public position to get a benefit for the official or employee or for anyone else with whom he or she is closely connected. The law also prohibits the official or employee from using his or her public position to avoid a detriment for the official or closely connected person. This means that a public official or employee cannot act on a matter before his or her public agency if the matter definitely and directly affects:

- The official or employee;
- One of the official's or employee's close family members; or
- One of the official's or employee's business associates.



EXAMPLE: The daughter of a school district board member is competing for a district-issued scholarship. The school board member is prohibited from using his position, in any way, to get the scholarship for his daughter.





EXAMPLE: A village council member is employed by a private company. After a recent village inspection, the company was cited for violations and a fine was assessed against it. The council member is prohibited from using his position in any way to have the company's fine waived or reduced.



[Advisory Opinion 2009-02](#)



[Advisory Opinion 2009-06](#)

Chapter 5

Conflicts of Interest Restrictions -

Soliciting or Accepting Things of Value (R.C. 102.03(E)):

The conflict of interest law also prohibits a public official or employee from soliciting or accepting things of value that could have a “substantial and improper influence” on the official or employee. In other words, the official or employee cannot solicit or accept “anything of value,” such as a gift, travel expenses, employment, substantial meals, or other things of significant value from anyone if the thing of value could improperly influence the official or employee in the performance of his or her duties. The Commission has explained that these kinds of gifts would improperly influence a public official or employee if they are provided to the official or employee by anyone that is:

- Doing or seeking to do business with his or her public agency;
- Regulated by his or her public agency; or
- Interested in matters before his or her public agency.



EXAMPLE: A library director is selecting a new catalog system for the library. One of the potential vendors would like him to see how its catalog system works for a comparably sized district in Massachusetts. The company has offered to provide travel expenses so that the director can use the system and discuss it with the other library’s employees. The conflict of interest law would prohibit the director from accepting the travel expenses.



More information about this restriction is available in the [Gifts Information Sheet](#), [Gifts Bulletin](#), and [Advisory Opinion 89-013](#).

Promising or Giving Things of Value [R.C. 102.03(F)]: This provision in the conflict of interest law prohibits any person from promising or giving anything of substantial value to a public official or employee if the thing of value could have a substantial and improper influence on the official or employee.



EXAMPLE: The conflict of interest law would prohibit the company in the previous example from promising or giving travel expenses to the library director.



More information about this restriction as it applies to seeking or accepting employment is available in the [Job Seeking Information Sheet](#) and [Advisory Opinion 96-004](#).



More information about this restriction is available in [Advisory Opinion 90-001](#) and in the [Gifts Information Sheet](#).

Chapter 6

Honorarium and Travel Expenses Restrictions (R.C. 102.03(H)(1), (H)(2), and (I)):

Honorarium [R.C. 102.03(H)(1)]: The Ethics Law prohibits most public officials or employees who file financial disclosure statements from accepting any honorarium. The term “honorarium” is defined in R.C. 102.01(H) as any payment for making a speech, writing an article, or attending a public or private event. This restriction does not apply to the president, chief administrative officer, or trustee of a state university or college.



[Advisory Opinion 99-003](#)

Travel Expenses [R.C. 102.03(H)(1)]: This section is an exception to the prohibitions against a public official or employee accepting travel expenses. It allows public officials and employees who file financial disclosure statements to accept actual travel expenses for travel: (1) to a meeting at which the official or employee is participating in a panel or making a speech; or (2) to a meeting of a national or state organization to which any public agency pays membership dues. The section allows any official or employee who is not required to file a financial disclosure statement to accept an honorarium or travel expenses from any person if the payment is made in recognition of the person’s interests that exist outside his or her public service.

Travel Expenses for Retirement System Officials [R.C. 102.03(H)(2)]: This provision applies only to higher ranking officials and employees of the five state retirement systems. It prohibits the covered officials and employees from accepting any travel expenses.



More information about this provision is available in the [Doing Business with Retirement Systems in Ohio Information Sheet](#).

Travel Expenses in Connection with Conferences, Seminars, and Similar Events [R.C. 102.03(I)]: This section allows a public official or employee to accept travel expenses in connection with conferences and similar events in some limited situations. The Commission has adopted a rule to explain the application of this exception more fully.



[OAC 102-3-08](#)

Restriction on Travel Expenses for Members and Staff of the General Assembly [R.C. 102.031]: This section in the Ethics Law applies only to members and employees of the Ohio General Assembly. It prohibits these officials and employees from accepting personal travel expenses from legislative agents.



More information about this provision and its exceptions is available on the web site for the [Office of the Legislative Inspector General](#).

Chapter 7

Restrictions Applying to Officials and Employees of the Casino Control Commission (R.C. 102.03(L) and (M)):

Two sections in the Ohio Ethics Law apply specifically to officials and employees of the Ohio Casino Control Commission, which regulates the casino industry in Ohio.

The first section [R.C. 102.03(L)] prohibits these public officials and employees from:

- Having any direct or indirect investment in casino businesses or facilities or gaming-related vendors; or
- Having financial or ownership interests in, being creditors of, or having contractual or service relationships with casino businesses or facilities or gaming-related vendors.

The second section [R.C. 102.03(M)] prohibits a member or employee of the Casino Control Commission from:

- Accepting employment, gifts, or other things of value from casino businesses or facilities, or any other person subject to the jurisdiction of the Commission.
- Soliciting, requesting, or taking any other action to secure employment for any person by a casino businesses or facilities or any other person subject to the jurisdiction of the Commission; and
- Participating in casino gaming at any casino facility in Ohio or any affiliated gaming facility located anywhere.

In addition to the penalties that apply to other sections of the Ethics Law, a Casino Control Commission official or employee who violates any of the three provisions of R.C. 102.03(M) shall immediately forfeit his or her office or employment.



More information is available in the [Casino Control Information Sheet](#), [Advisory Opinion 2012-01](#), and [Advisory Opinion 2012-02](#).

Chapter 8

Rendering Services on a Matter Before Another Public Entity (R.C. 102.04):

There are three restrictions in R.C. 102.04. The first two apply to state officials and employees.

R.C. 102.04(A) prohibits a state official or employee from **receiving compensation**, from anyone other than the state agency that he or she serves, to perform services on matters before any state agency.



EXAMPLE OF RESTRICTION: A member of the Ohio Example Commission cannot accept compensation to represent a client or prepare work for the client on a matter that is before the Example Commission.

There is an exception to this restriction [R.C. 102.04(D)]. The exception applies to non-elected officials and employees of any state agency. Under the exception, the state official or employee can be paid to provide services on a matter before a state agency provided that:

1. The agency is not the one that he or she serves; and
2. The official or employee files an R.C. 102.04(D) statement with both state agencies, and the Ethics Commission, disclosing the representation. The statement can be found on the Commission's web site.



[Advisory Opinion 93-010](#)

[Advisory Opinion 2007-03](#)



EXAMPLE OF EXCEPTION: A member of the Ohio Example Commission can accept compensation to represent a client on a matter before another state board, commission, department, or other agency, such as the Ohio Reference Board, provided that he files the required R.C. 102.04(D) statement. The Commission member must file the statement with the Example Commission, the Reference Board, and the Ethics Commission.

R.C. 102.04(B) also applies to state officials and employees. A state official or employee is prohibited from **selling goods or services**, except through competitive bidding, to any state agency.



EXAMPLE OF RESTRICTION: An employee of the Ohio ABC Department is prohibited from selling goods to the ABC Department unless the sale is competitively bid and she submits the lowest and best bid.

There is one exception to this restriction, which applies to non-elected state officials and employees [R.C. 102.04(D)]. The exception applies when:

1. The official or employee is selling to a state agency other than the one he or she serves; and
2. The official or employee files a statement (described in R.C. 102.04(D)) with both agencies, and the Ethics Commission, disclosing the activity. The statement can be found on the Commission's Web site.



[Advisory Opinion 89-010](#)



EXAMPLE OF EXCEPTION: The employee of the ABC Department can sell goods to a state board, commission, department or agency other than the ABC Department, such as the 123 Board, provided that she meets the exception. If she sells to the 123 Board, she must file the statement with the ABC Department, the 123 Board, and the Ethics Commission.

The final restriction, R.C. 102.04(C), applies to officials and employees of local public agencies—that is, agencies such as cities, counties, and school districts. R.C. 102.04(C) prohibits an official or employee of a local agency from receiving compensation, from anyone other than the department or sub-unit of the agency he or she serves, to perform services on matters before any other department or sub-unit of the local agency.





EXAMPLE OF RESTRICTION: An employee of a city zoning department cannot accept compensation from a client to prepare plans that will be filed with and approved by the zoning department, because the approval of the plans is a matter that is before her city department.



There is one exception to this restriction, which applies to non-elected officials and employees of local agencies [R.C. 102.04(D)]. The exception applies when:

1. The official or employee is selling to a department or sub-unit of the agency other than the one he or she serves; and
2. The official or employee files a statement (described in R.C. 102.04(D)) with both agencies, and the Ethics Commission, disclosing the activity. The statement can be found on the Commission's web site.



EXAMPLE OF EXCEPTION: An employee of the city zoning commission can accept compensation to represent a client before the city public utilities department provided that she files the required R.C. 104.04(D) statement with the city zoning commission, the city public utilities department and the Ethics Commission.



[R.C. 102.04\(D\) Statement](#)

Chapter 9

Public Contract Law (R.C. 2921.42(A)(1), (A)(2), (A)(3), and (A)(4)):

There are four main restrictions in R.C. 2921.42. The laws prohibit a public official or employee from:

1. Authorizing a public contract in which the official, a family member, or a business associate has an interest [R.C. 2921.42(A)(1)] [NOTE: This is the section that prohibits nepotism, or authorizing an employment contract for a family member. See Chapter 10];
2. Authorizing an investment of public funds in which a family member or business associate has an interest or from which a family member or business associate receives a fee [R.C. 2921.42(A)(2)];
3. Profiting from a public contract authorized by the official or by a board on which he or she sits unless the contract was competitively bid and awarded to the lowest and best bidder [R.C. 2921.42(A)(3)]; and
4. Having an interest in a public contract of any public agency with which he or she is connected [R.C. 2921.42(A)(4)].

A public contract is any purchase or acquisition of goods or services by any public agency. Public contract also includes employment with any public agency. [R.C. 2921.42(I)]

Authorizing a Public Contract [R.C. 2921.42(A)(1)]: The Ethics Law prohibits a public official or employee from authorizing a public contract if the official, a family member, or a business associate has an interest in the contract. A public official has “authorized” a contract if he or she has taken any action to secure the contract. For example, a public official has authorized a contract if he or she:

- Voted to award the contract;
- Signed the contract;
- Recommended the contract to other officials or employees; or
- Taken any other official action on the contract.

 **EXAMPLE:** A business associate of a school board member is also a partner in a law firm. If the school district would like to hire the law firm, the board member is prohibited from taking any formal or informal action to secure the contract because his business associate, as a partner, has an interest in any contract awarded to the law firm.



A “business associate” includes any individuals, companies, or organizations with which the official is acting together to pursue a common business purpose. Adv. Op. No. 93-001. Examples of a public official’s business associates include, but are not limited to, the official’s: (1) partners in a partnership; (2) co-owners of a business; (3) outside employer; and (4) co-members of an LLC.



[Advisory Opinion 2009-06](#)

[Advisory Opinion 2013-01](#)

Profiting from a Public Contract [R.C. 2921.42(A)(3)]: This restriction prohibits a public official or employee from occupying a position of profit in the any public contract that he or she authorized. In other words, a public official cannot receive a definite and direct financial benefit from any contract that was authorized:

- By the official; or
- By any board or commission on which he or she served (even if the official didn’t vote on the authorization).

This restriction applies to the official or employee during public service and for one year after leaving public service. The restriction does not apply to competitively bid contracts awarded to the lower and best bidder.

A person who is employed by a company occupies a position of profit in a public contract awarded to the company if:

- The company depends on the contract;
- The employee receives compensation, fees, or other direct benefit from the contract; or
- The employee’s job would not exist without the contract.



[Advisory Opinion 2016-01](#)

[Advisory Opinion 88-008](#)

[Advisory Opinion 2009-05](#)



EXAMPLE: A state department director authorized an unbid contract to a private company. The department director could not accept employment with the company, within twelve months after leaving her job with the state, if she would be paid from the contract proceeds or otherwise profit from the unbid contract she awarded.

Having an Interest in a Public Contract [R.C. 2921.42(A)(4)]: A public official or employee is prohibited from having an interest in a contract entered into by his or her public agency. Usually, a public official or employee cannot sell goods or services to his or her own agency.

A public official or employee is prohibited from having a definite and direct interest in a contract with his or her public agency. A prohibited interest can be either financial or fiduciary in nature.

EXAMPLE: A city police officer cannot sell consulting services to the city he serves because he would have a financial interest in the contract.



If the police officer serves as a board member of the non-profit organization, he would have a fiduciary interest in the contracts of the organization. If the organization received a grant from the city, the police officer would have a prohibited fiduciary interest in the contract even if he received no financial benefit from it.



There are two exceptions to this prohibition. A public official or employee does not have a prohibited interest in a contract with his or her own agency if:

1. The official's interest is limited to being a minority stockholder or a creditor of a company that sells goods or services to the agency. The official or employee must file an affidavit with the agency disclosing his or her interest in the contract [R.C. 2921.42(B)].
2. The official can meet all parts of a four-part test [R.C. 2921.42(C)]. The four parts are:
 - The contract is for necessary goods or services;
 - The goods or services are unobtainable elsewhere for the same or lower cost or are part of a course of dealing that began before the official started serving the public agency;
 - The official or employee gives the public agency the same or better treatment than other clients or customers; **and**
 - The official or employee takes no part in the deliberations or decisions of the public agency on the contract.

Void and Unenforceable [R.C. 2921.42(H)]: This section establishes that contracts and investments in which an official, or the official's family members or business associates, have an interest in violation of R.C. 2921.42(A) are void and unenforceable.

Specific Exceptions [R.C. 2921.42(D) and (G)]: These two sections contain specific exceptions to the public contract law that apply to certain limited groups of public officials and employees.

R.C. 2921.42(D) allows employees of public agencies to apply for and receive housing rehabilitation loans from their own public agencies. The exception does not apply to elected officials. More information about the exception can be found in [Advisory Opinion 95-007](#).

R.C. 2921.42(G) applies to township trustees in small townships, for contracts that are under \$5,000 a year.

Legal Officers [R.C. 2921.42(F)]: Under this section, prosecuting attorneys and chief municipal legal officers are exempted from some of the Ethics Law, and are permitted to hire their business associates. This section is parallel to the prohibition in R.C. 102.03(K), which exempts legal officers from the provisions in the conflict of interest law. The application of this exception is spelled out more fully in R.C. 2921.421.

Chapter 10

Nepotism (R.C. 2921.42(A)(1)):

Whenever a public agency hires an employee, that employment is a “public contract.” A public official or employee is prohibited from hiring a family member or using his or her position in any way to secure employment of a family member. An official or employee cannot hire these family members, **regardless** of whether they live in the same household with the official or employee:

- Spouse;
- Parents or grandparents;
- Children or grandchildren;
- Siblings; and
- Step-children or step-parents.

An official or employee also cannot hire these family members if they live in the same household with the official or employee:

- Uncles and aunts;
- Cousins;
- Nieces and nephews;
- In-laws; and
- Anyone else related to the official or employee by blood or by marriage.



More information about nepotism restrictions can be found in [Advisory Opinion 2010-03](#) and in the [Nepotism Information Sheet](#).



EXAMPLE: The adult daughter of a regional transit authority employee has applied to become a bus driver. The regional transit authority can hire the employee’s daughter, but the employee cannot take any action to get the job for his daughter. If she is hired, the employee cannot use his position in any way to get any employment benefits, such as raises or promotions, for his family member.



There are more specific rules that apply when an official’s or employee’s minor child is applying for employment with the agency.



More information about these restrictions can be found in the [Summer Employment Bulletin](#).

Void and Unenforceable [R.C. 2921.42(H)]: This section establishes that contracts and investments in which an official, or the official's family members or business associates, have an interest in violation of R.C. 2921.42(A) are void and unenforceable.



Use of Position to Secure Benefit [R.C. 102.03(D)]: The conflict of interest law prohibits a public official or employee from using or authorizing the use of his or her public position to get a benefit for him or herself or for anyone else with whom he or she is closely connected. The law also prohibits the official or employee from using his or her public position to avoid a detriment for the official or employee or closely connected person. This means that a public official or employee cannot act on a matter before his or her public agency if the matter definitely and directly affects:

- The official or employee;
- One of the official's or employee's family members; or
- One of the official's or employee's business associates.

Chapter 11

Supplemental Compensation (R.C. 2921.43):

Supplemental Compensation [R.C. 2921.43(A)(1)]: This section prohibits a public official or employee from soliciting or accepting compensation from any source other than his or her public employer for the performance of his or her public duties. A private party also cannot promise or give a public official or employee compensation for performing his or her public duties.



EXAMPLE: A park district employee is responsible for removing fallen limbs and trees from park and adjoining property following storms. The employee is prohibited from accepting a gift, money, or any other benefit from an owner of adjoining property for removing a fallen park-owned tree from that person's property.



More information about this restriction can be found in [Advisory Opinion 2011-05](#) and the [Gifts Information Sheet](#).

Securing or preferring employment [R.C. 2921.43(B)]: A public servant cannot solicit or accept, and no one can give a public servant, anything of value to appoint, secure, promote, or otherwise affect material aspects of any person's public employment.



EXAMPLE: A city firefighter who is next on a promotion list cannot offer to pay a person who currently holds the position as an incentive to retire before the promotion list expires.



[Advisory Opinion 97-001](#)

Criminal Offenses [R.C. 2921.43(D)]: This section establishes that violations of R.C. 2921.43 are criminal offenses and establishes the levels of the offenses.

Disqualification [R.C. 2921.43(E)]: This section states that any person who is convicted of a violation of R.C. 2921.43 will be disqualified from public office, public employment, or any position of public trust, for seven years from the date of the conviction.

Chapter 12

Election Related Issues (R.C. 2921.43(C) and (F); R.C. 102.03(G)):

The Ethics Commission does not have any jurisdiction over campaign finance or elections laws or rules in Ohio. For guidance on these types of questions, you should contact the Ohio Secretary of State's Office or the Ohio Elections Commission. There are however a three provisions in the Ethics Law that address campaign contributions.



[Advisory Opinion 2002-03](#)

Coercing Campaign Contributions [R.C. 2921.43(C)]: This section prohibits any person from coercing campaign contributions for any candidate, campaign committee, legislative campaign committee, or PAC in return for appointing, securing employment, promoting, or otherwise affecting any material aspects of any person's public employment.

Voluntary Campaign Contributions [R.C. 2921.43(F)]: This section makes it clear that a person can make voluntary campaign contributions to any person or campaign fund.

Ordinary Campaign Contributions [R.C. 102.03(G)]: Ordinary campaign contributions given to an elected official are not prohibited, even where a nexus exists between the public office and the contributor. However, where there is evidence of wrongdoing as set forth in R.C. 102.03(G), in connection with a campaign contribution, and a nexus exists between the officer and the contributor, the conflict of interest protections set forth in R.C. 102.03(D), (E), and (F) will apply to the parties to the contribution.



Chapter 13

Restrictions (R.C. 102.99):

The final section of Chapter 102 establishes the restrictions for any person who violates the Ethics Law and related statutes. All of the provisions of the Ethics Law are criminal prohibitions. Most of the provisions are first-degree misdemeanors, with a maximum fine of \$1000, a maximum jail term of six months, or both. However, two of the public contract prohibitions are fourth-degree felonies, with a maximum fine of \$5000, a maximum prison term of 18 months, or both. A person who is convicted of receiving supplemental compensation will be barred from holding public office, public employment, or any position of public trust for seven years.



Conclusion

Every public agency must give each official or employee who serves the agency a copy of the Ohio Ethics Law. This overview is intended to give public officials and employees some basic information about how the law applies to them. The overview briefly summarizes each provision of the law and, when available, provides examples of the restrictions and links to additional resources.

This overview is not intended to substitute for the Ethics Law or for an advisory opinion of the Ohio Ethics Commission. For guidance on a specific situation, please contact the Commission at (614) 466-7090.

OHIO AUDITOR OF STATE
KEITH FABER

Single Audit

Community School Conference
August 14, 2019

Presented by:
Ohio Auditor of State
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- What is a Single Audit?
- Audit Considerations
- 2019 Updates
- Other Resources

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"The Single Audit Act of 1984" (Public Law 98-502)

Established requirements for certain gov's that administer Fed. programs | Amended in 1996 (31 USC 75)

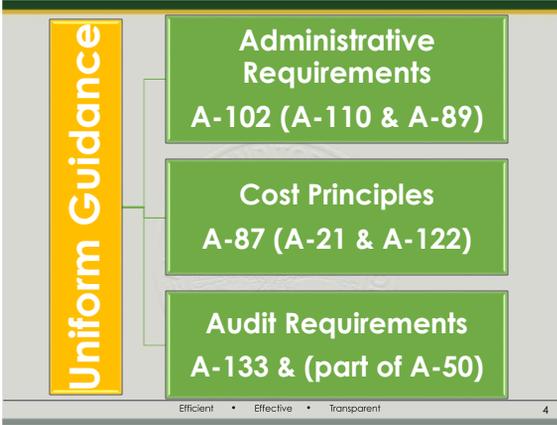
OMB Circular A-128

Issued in 1985 to help auditors and recipients implement the new Single Audit Act | Extended to additional entity types in 1990 under A-133 (modified in 2003 & 2007)

Uniform Guidance (UG)

Issued 2013; Updated in 2014 & 2015 | Supersedes: A-87, A-102, A-133 (A-122, A-21, A-110, A-89 & A-50)

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OMB's purpose is to help reduce the administrative burden and strengthen oversight of federal funds to reduce the risk of fraud, waste and abuse.

- This guidance makes grant requirements similar across all types of grant recipients and all federal agencies.
- Aims to eliminate duplicative language, and to clarify where grant policies are different across entity types.

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Chapter II: Part 200

- Subpart A – 200.0 – 200.99 - Acronyms & Definitions
- Subpart B – 200.100 – 200.113 - General Provisions
- Subpart C – 200.200 – 200.211 - Pre-Federal Award Requirements and Contents of Federal Awards
- Subpart D – 200.301 – 200.345 - Post Federal Award Requirements
- Subpart E – 200.400 – 200.475 - Cost Principles
- Subpart F – 200.500 – 200.521 - Audit Requirements

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Chapter II: Part 200 (cont'd) – Appendices:

- Appendix I – Full Text of Notice of Funding Opportunity
- Appendix II – Contract Provisions for Non-Federal Entity Contracts Under Federal Awards
- Appendix III - Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Institutions of Higher Education (IHEs)
- Appendix IV - Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Nonprofit Organizations
- Appendix V – State/Local Government and Indian Tribe – Wide Central Service Cost Allocation Plans
- Appendix VI - Public Assistance Cost Allocation Plans

Chapter II: Part 200 (cont'd) – Appendices:

- Appendix VII – States and Local Government and Indian Tribe Indirect Cost Proposals
- Appendix VIII - Nonprofit Organizations Exempted From Subpart E—Cost Principles of Part 200
- Appendix IX - Hospital Cost Principles
- Appendix X – Data Collection Form
- Appendix XI - Compliance Supplement

Additional Guidance Documents:

OMB Compliance Supplement:
Each year, OMB issues an updated version of the "OMB Compliance Supplement" to assist auditors in performing the required audits.

Government Auditing Standards and Single Audits Guide:

The AICPA maintains a guide titled *Government Auditing Standards and Single Audits* which gives a basic description of the procedures auditors should perform and the reports they should issue for single audits.

Does this apply to me?



Am I required to have a single audit?

2 CFR 200.501(b)

- *Single audit.* A non-Federal entity that expends **\$750,000 or more** during the non-Federal entity's fiscal year in Federal awards must have a single audit conducted in accordance with **§ 200.514 Scope of audit** except when it elects to have a **program-specific audit** conducted in accordance with paragraph (c) of this section.

So, how do you know how much Federal funds you spent?

- It is **VERY IMPORTANT** that the Treasurer has some method in place to track federal expenditures!
- As an example: Each federal grant is tracked in a separate fund & cost center. At year end, as part of closing out the books, the system requires the Treasurer to complete a Federal Expenditures summary to determine if it is over the threshold.

Important

IMPORTANT NOTES:

- If the Charter School passes federal funds through to their Management Company to spend – the federal expenditures are determined when they are spent by the management company.
- UG requires the auditee to prepare a schedule of expenditures of federal awards.
- UG requires the auditor to provide an opinion as to whether the schedule of expenditures of Federal awards is fairly stated in all material respects in relation to the financial statements as a whole. (2 CFR 200.515)
- Auditors must be able to audit original records (ie. when school utilizes a mgmt. co. auditors need mgmt. company records).



2 CFR 200.512:

- The audit must be completed and the reports required in paragraph (b) and (c) of this section must be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period.
- If FYE is 6/30/19, then single audit must be done and submitted by 3/31/20.

If an entity fails to have a required single audit, or fails to meet the Single Audit deadline, there are several possible consequences:

*Pay back the federal funds, and/or	*Loss of federal funding in future years, and/or	Citations, internal control deficiencies, & UG opinion modification in federal audit,	Etc.
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*It is up to the Federal Agency to decide the ultimate outcome.

If your school did not qualify for a single audit in the past, be sure to contact your auditors ASAP if you think you may be a single audit in the current year!

Auditors need to perform single audits earlier in order to meet the filing deadline.

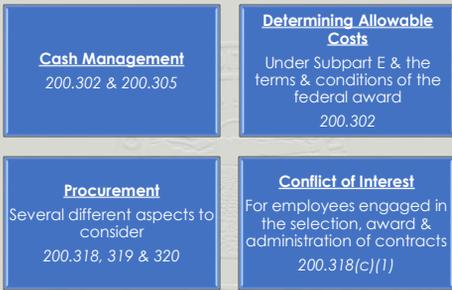
Audit Considerations



SEFA Requirements (2 CFR 200.512)

- List individual programs by Federal Agency
- Show total awards expended for each program and include CFDA
- Another identifying number and name of program if CFDA is not available
- List individual awards within a cluster of programs, provide the cluster and Federal Agency name, and provide the total amount for the cluster
- List R&D Federal Awards expended either by individual award or by Federal agency and major subdivision within the Federal agency
- Name of the pass-through entity and identifying number assigned by the pass-through entity
- Include on the Schedule the Federal awards amounts expended for loans or loan guarantee programs in accordance with 2 CFR 200.502 (b).

UG Required Policies



UG Required Policies



Procurement Methods



Micro-Purchases

Currently applies to purchase \$3,500 or less

May be awarded without soliciting competitive quotes if the non-Federal entity considers the cost to be reasonable

• National Defense Authorization Act (NDAA) 2018 increases this threshold

• To the extent practicable, entities must distribute micro-purchase equitable amount qualified suppliers.

Small Purchases

Purchases above the micro-purchase threshold and below the Simplified Acquisition Threshold which is currently \$150,000

- Also will be impacted by NDAA 2018
- Entity may adopt a lower threshold

Price or rate quotations must be obtained from an adequate number of sources

- UG does NOT define what an adequate number of sources is or how these need to be obtained (i.e. verbally, online, etc.)
- Excluded from any requirements for cost or price analysis.

Sealed Bid

- Purchases over \$250,000
- Bids are publically solicited and a firm fixed price contract
 - Can be lump sum or unit price
- Awarded to the lowest responsive and responsible bidder
- Two or more responsible bidders
- A complete, adequate, and realistic specification or purchase description is available
- Preferred method for construction contracts
- Any or all bids may be rejected if there is a sound documented reason

Competitive Proposal

Purchases over \$250,000	More than one source is expected to make an offer	Either fixed price or cost reimbursement type contract is awarded
Conditions are not appropriate for a sealed bid (i.e. purchased services)	Must be publicized and identify all evaluation factors and their relative importance	Must have a written method for conducting technical evaluations of proposals and selecting recipients *Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, taking in to consideration price and other factors

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Noncompetitive Proposals

Can ONLY be used if one of the following apply:

- The item is only available from a single source.
- The public exigency or emergency will not permit a delay resulting from competitive solicitation
- The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a **written** request from the non-Federal entity
- After solicitation from a number of sources, competition is determined inadequate

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Procurement Policy

Requirements are documented in 2 CFR 200.318. Non-federal entities documented procurement procedures MUST:

- Cover conflicts of interest for both the employee and organization.
- Avoid acquisition of unnecessary or duplicative items.
- Award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement.
- Maintain records sufficient to detail the history of procurement—rationale for the method, selection of contract type, contractor selection or rejection, and the basis for price.

The final "must" that is listed in the UG requirements may be the most important one.

Non-federal entities MUST use its own documented procurement procedures which reflect applicable state and local laws, provided that the procurements conform to the applicable Federal laws and standards.

- So to sum it up—just saying we are going to follow Uniform Guidance is not good enough. We are going to audit in accordance with what each entity's policy say.

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OMB Compliance Supplement

Currently there are 12 compliance requirements

Not all requirements pertain to every program

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Single Audit Compliance Requirements

A

Activities Allowed and Unallowed

B

Allowable Costs/Cost Principles

C

Cash Management

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Single Audit Compliance Requirements

E Eligibility

F Equipment & Real Property Management

G Matching, Level of Effort, & Earmarking

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Single Audit Compliance Requirements

H Period of Performance

I Procurement & Suspension & Debarment

J Program Income

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Single Audit Compliance Requirements

L Reporting

M Subrecipient Monitoring

N Special Tests and Provisions

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Recent Changes



2019 Compliance Supplement

Effective for audits of fiscal years beginning after June 30, 2018

In accordance with President Management Agenda CAP Goal No. 8, each agency was to limit the number of requirements subject to audit to 6

Agencies also were instructed to take a close look at the information that is listed for their programs to ensure it provided meaningful and useful information.

Part 6—Internal Controls had been removed from the Compliance Supplement for several years and has been brought back in.

NDAA 2018

Since Uniform Guidance has become effective, there are two different acts that have been passed that impact procurement.

National Defense Authorization Act (NDAA) of 2017 and 2018.

NDAA 2018 raises the micro-purchase threshold to \$10,000 and the simplified acquisition threshold to \$250,000. This is applicable for all entities.

Uniform Guidance is in the process of being updated for these changes, but OMB granted entities an exception allowing recipients to use the higher threshold prior to the changes being made. This needs to be documented.

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Data Collection Form (DCF)

Requires the auditee to submit required data elements regarding their audit to the Federal Audit Clearinghouse (FAC)

Must be submitted with nine months of fiscal year end or within 30 calendar days of receipt of the auditor's reports

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2019 DCF Changes

Notes to the SEFA are now required to be entered

Text of the Audit Findings

Text of the Corrective Action Plan (CAP)

Reason for Revisions

System generated SEFA and notes export

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2019 DCF Changes

- DCF will now collect the text of the CAP so that federal agencies can easily perform audit resolution
- Only have to include corrective action on federal findings
- Limit is 10,000 characters
 - Cannot include charts or tables
 - Text formatting such as bold and italics may not appear
- Should be the same as what is submitted in the audit report

AUDITEE RESPONSIBLE FOR COMPLETING THE CAP

2019 DCF Changes

- Auditees can use a system within the FAC called IDES to generate a UG compliant SEFA and notes
 - This is **optional**
 - Can begin to enter info at any point after the start of the fiscal year
 - All the information that is generated can be edited

The screenshot shows an Excel spreadsheet with a complex table. The table has several columns, including what appears to be 'Agency', 'Finding', 'Status', and 'Comments'. The data is organized into sections, possibly representing different audit areas or findings. The spreadsheet is displayed in a window with standard Excel menus and toolbars.

Sources & Other UG Trainings



UG

- 2 CFR 200: http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/titled02/2cfr200_main_02.tpl

CFO

- Exceptions Granted, FAQ's, UG training webinars, crosswalks/text comparison
- Formerly on COFAR's website: <https://cfo.gov/grants/>

Fed. Audit Clearinghouse

- Data Collection Form: <https://harvester.census.gov/facweb/>

AICPA GAQC

- GAQC Alerts & Trainings
- Tips for Performing Single Audits Under the UG flyer
- <http://www.aicpa.org/InterestAreas/GovernmentalAuditQuality/Pages/default.aspx>

AICPA

- Single Audit Guide

NASACT

- UG Webinars

Auditor of State

- Shells of required forms
- Links to many of these other resources mentioned

Single Audits
Center for Audit Excellence
88 E. Broad St.
Columbus, Ohio 43215
Presenter phone: (800) 282-0370
Email: ContactUs@OhioAuditor.gov

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OHIO AUDITOR OF STATE
KEITH FABER



88 E. Broad St.
Columbus, Ohio 43215
Phone: (800) 282-0370
www.OhioAuditor.gov

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EMIS Updates

AOS CS Training, August 14, 2019



Topics

- ▶ ODDEX v SOES v FTE reports
- ▶ ODDEX Review and Clarifications
- ▶ FY2018 Cleanup and Closeout
- ▶ Enrollment and FTE Related Reports
- ▶ FY2019 Rollout
- ▶ Financial Reporting
- ▶ SOES Enhancement



2

ODDEX v SOES v FTE reports

- ▶ Although similar, different focus for each
- ▶ ODDEX- communicate with another district over data disagreement
 - › Easy, quick, high level- but not as precise
 - › Clarify where a student is enrolled when
 - › More than resident- also prior enrolled LEAs
 - › Source of history on a student
 - › Submission that is separate from the actual submission used for funding



3

ODDEX v SOES v FTE reports

- ▶ SOES- communicate with resident district of the student
 - › Based on actual EMIS data used for funding
 - › Resolve issues around residency
- ▶ FTE reports- definitive source of issues and how a student will count for funding
 - › Just because approved in SOES, may not be funded
 - › Is the coding correct, is FTE available

FTE Reports

- ▶ Most important for funding- level 2 in Data Collector

Report Name	Fatal	Critical	Warning	Info	Total	Process Date	Last Used Date	Submission
OTIS-2021 FTE Detail	0	208	0	2025	2033	06/22/17	06/08/17 04:33	06/08/17 09:27
OTIS-2021 FTE Adjustments	16	262	2	21	502	06/22/17	07/20/17 06:09	06/22/17 09:27
OTIS-2021 FTE Total by Fund Pathway	0	0	0	2	2	06/22/17	06/08/17 04:33	06/08/17 09:27
OTIS-2021 FTE Total by Student and Fund Pathway	0	0	0	2092	2092	06/22/17	06/08/17 04:33	06/08/17 09:27
OTIS-2021 FTE Total by Student	0	0	0	2088	2088	06/22/17	06/08/17 04:33	06/08/17 09:27
OTIS-2021 FTE Summary of Students with Adjustments	0	0	0	225	225	06/22/17	06/08/17 04:33	06/08/17 09:27

FTE Reports

- ▶ All impacts on funding are in FTE reports
 - › If there is a flag or missing data in SOES that impacts funding, it will appear as an error on the FTE report
 - › If there is an enrollment overlap in SCR and that overlap still exists when more precise FTE calculations are completed, it will appear as an error on the FTE report

FY2019 Cleanup and Closeout

- ▶ Main funding related collections now closed for FY18
- ▶ Appeals of report card data complete, CTE and Calendar appeals still open
- ▶ Payment data for FY19 Final #1 payment pulled - will be included with September FY20 payment

FY2019 Cleanup and Closeout

- ▶ Last day for resolution of FY19 flagging issues within SOES by districts or community schools is September 13.
- ▶ Appeal window for funding issues to take place in second half of September, based on final #1 reports
- ▶ Final #2 payment, including all appeals, planned by December

FY 2020 Rollout

- ▶ Calendar reporting open
- ▶ SCR reporting open
- ▶ SOES Enrollment reporting open
- ▶ SOES Contact reporting open
- ▶ Will be no more than a week between first enrollment reporting and first load of Community School's students to SOES

FY 2020 Rollout

- ▶ For FY20 October payment, pull reported community school enrollments as of 5pm September 22
- ▶ Reasons for district to flag a student in FY20 unchanged

Financial Reporting

- ▶ FY 2019 financial reporting open until end of August- earlier than in years past
- ▶ Critical for report card and maintenance of effort (MOE) calculations
- ▶ MOE being tracked closely this year- communications coming soon if not submitted or not met
- ▶ No appeal window before report card- data as reported by August 31 will be used

New Functionality in SOES

- ▶ Not added as of today, but...
- ▶ Document upload coming soon to SOES
- ▶ Within the context of a review
 - › Residency
- ▶ Within the context of an escalation
 - › Postcard address change
- ▶ Primarily PDF uploads, but other types of files possible
- ▶ Not stored permanently, may need to re-load



Social Media

facebook Ohio Families and Education
Ohio Teachers' Homeroom

LinkedIn ohio-department-of-education

Storify storify.com/ohioEdDept

twitter @OHEducation

YouTube OhioEdDept

Ohio Department of Education 14



Community School Funding Update

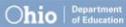
Elena Sanders, *Financial Manager*

Office of Budget and School Funding • August, 2019



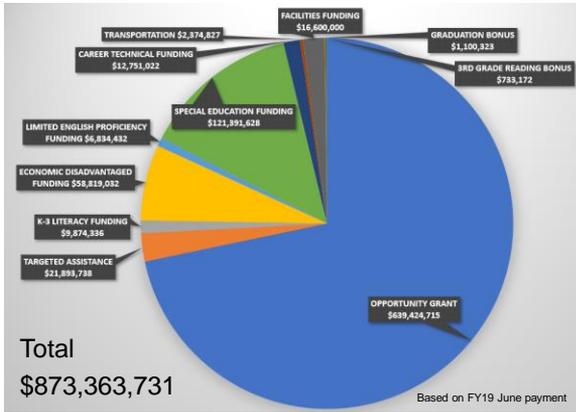
Focus of Presentation

1. Foundation Funding Review
2. Student Wellness and Success Funding
3. FY19 Reconciliation and FY20 Payment Schedule
4. Payment Process and FTEs
5. FTE Reviews
6. College Credit Plus



Foundation Funding

- Largest part of the Department's budget
- Centered on needs of students
- Students funded first at district of residence
- Community Schools have 100% State Share Index.



Funding Formula Elements Brick and Mortar Schools

Opportunity Grant	Economically Disadvantaged	Transportation
Targeted Assistance	Limited English Proficiency	Special Education
K-3 Literacy	Facilities Funding	Career-Technical Education
	Third Grade Reading Bonus	Graduation Bonus



Funding Formula Elements E-School

Opportunity Grant		
		Special Education
	Facilities Funding	Career-Technical Education
	Third Grade Reading Bonus	Graduation Bonus



Foundation Funding – Community Schools & STEM Schools



- Funding for community schools and STEM schools will continue to update based on current year data.
- Student Success and Wellness dollars provided in addition to Foundation Funding.

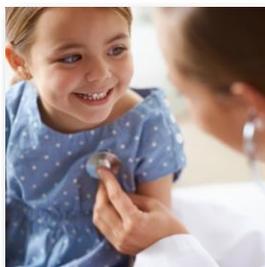
Foundation Funding – Community Schools & STEM Schools

- All per pupil amounts and calculations remain unchanged in FY20 and FY21 except -
- Community School Facilities Funding (brick and mortar) increases from \$200 per pupil to \$250 per pupil.



Student Wellness and Success

- \$675 million in new funds for traditional districts, community schools, JVSDs and STEM schools over the biennium
- Requires a plan to be developed and implemented with community partners



Student Wellness and Success

Allowable Uses:

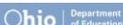
- Mental health services
- Services for homeless youth or child welfare involved youth
- Community liaisons
- Physical health care
- Mentoring programs
- Family engagement and support services
- City Connects programming
- Professional development on trauma-informed care or cultural competence
- Before- and after-school programs



Student Wellness and Success

Requires a plan to be developed with one or more of the following community partners:

- A board of alcohol, drug and mental health services
- An ESC
- A county board of developmental disabilities
- A community-based mental health treatment provider
- A board of health of a city or general health district
- A county department of job and family services
- A nonprofit organization with experience serving children
- A public hospital agency



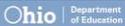
Student Wellness and Success

- \$275 million in FY20 and \$400 million in FY21
- Traditional districts: Provided on a per-pupil basis, scaled based on federal census poverty data.
- Community Schools: Provided based on the students' districts of residency PPA.
- Every community school will receive at least \$25,000 in FY20 and \$36,000 in FY21.
- Paid directly to each community school.

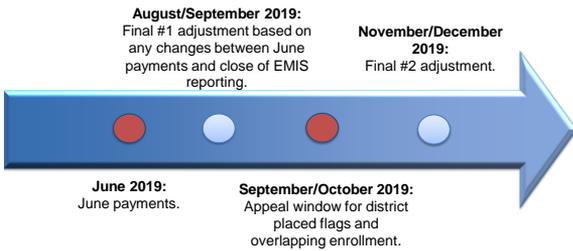


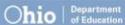
Student Wellness and Success

- Distributed in two payments in October and February, through the foundation payment process.
- Funds can be used for existing initiatives and activities in the context of the plan.
- Districts must report how funds were spent following the end of each fiscal year (June 30).

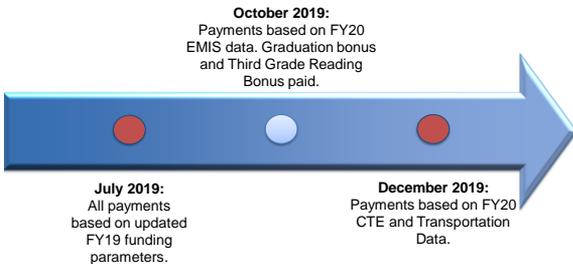


FY19 Reconciliation Timeline





FY20 Payment Timeline







EMIS Reporting Drives Funding

**Timely and
accurate reporting
is the key**



How is an FTE calculated?

Four Primary Elements Drive Funding

1. Start Date
2. End Date
3. School Calendar
4. Percent of Time

(Blended and E-school - Documented Learning Opportunities)



How is an FTE calculated?

total enrolled hours X percent of time
total hours in the calendar

Ohio Department of Education

How is an FTE calculated? Brick and Mortar School

- Student enrolled for full year.
- School Calendar 940 hours.
- Percent of Time = 100%

$$\frac{(940 \times 100\%)}{940} = 1 \text{ FTE}$$

Ohio Department of Education

How is an FTE calculated? Brick and Mortar School

- Student enrolled September - November.
- School Calendar 930 hours.
- Maximum hours during enrollment period – 345 hours.
- Percent of Time = 100%

$$\frac{(345 \times 100\%)}{930} = 0.37 \text{ FTE}$$

Ohio Department of Education

How is an FTE calculated? E-School

- Student enrolled January - May
- School Calendar 920 hours.
- Maximum hours during enrollment period – 575 hours.
- 161 Documented learning opportunity hours.
- Percent of Time = 28%

$$\frac{(575 \times 28\%)}{920} = 0.175 \text{ FTE}$$

Additional Considerations

- Student mobility
- Changes in student demographics
- Funding limited to the period of time a student is enrolled.
- Funding limited to 1 FTE

How do blended and e-schools document learning opportunities?

Classroom-based – student attends class in the school building.

Computer-based learning opportunities - time tracked by a school's online system (Learning management system).

Non-computer-based learning opportunities include reading, research, assignments completed offline, field trips, phone calls, in person tutoring, state assessments, related services for students with disabilities.

Additional Considerations Blended and E-Schools

- Students can work outside normal scheduled school hours (evenings and weekends).
- Schools must ensure overlapping and duplicated time is removed from total documented learning opportunities.
- E-schools are limited to claiming 10 hours of learning opportunities in a 24 hour period.



Payment Process

- Funding calculated on **monthly snapshot**.
- Data pull occurs on the **23rd** of each month prior to payment.
- Places emphasis on **continually reviewing** flags and adjustments.



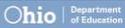
Payment Process

- Flagging process/procedure unchanged for FY20.
- Review Student Cross Reference for overlapping enrollment.
- Review SOES for district placed flags.
- Review FTE detail reports for any FTE adjustments.



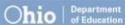
Payment Process

- FY20 data collection to open Friday, August 2nd.
- Flagging by resident districts in SOES to begin Monday, August 12th.
- Data for October payment pulled on September 23rd.



Payment Dates

July 12, 2019	January 14, 2020
August 14, 2019	February 14, 2020
September 13, 2019	March 13, 2020
October 11, 2019	April 14, 2020
November 14, 2019	May 14, 2020
December 13, 2019	June 12, 2020



Community Schools Funding

Reports and information about basic financial resources provided for community schools.

Community Schools Funding

FY19 payments are based on the provisions of Am. Sub. H.B. 49 and are calculated from data reported by the community school, such as the number of students enrolled in the school. Payments are made monthly according to the schedule shown in the payment letters. Annual amounts due to schools may be recalculated based on updated data.

[Community School Payment Letters](#) | [Journal Voucher Codes](#)

FY2020

- » [Community School Payment Reports](#)
- » [Community School Payment Reports \(Excel Format\)](#)
- » [Payment Schedule](#)
- » [College Credit Plus Deduction Report](#)





Community School Funding Information

Links to forms and manuals, and other important community school finance information and issues will be made available on this page.

Community School Forms and Funding Information

- ▶ [FY20 FTE Review Manual](#)
- ▶ [FY19 FTE Review Manual](#)
- ▶ [Alternative Learning Opportunity Documentation Log](#) (referenced in FY20 & FY19 FTE Review Manual)
- ▶ [E-school and Blended School Percent of Time Template](#)
- ▶ [Percent of Time Template Instructions](#)
- ▶ [Q&A: House Bill 21 and Senate Bill 216](#)
- ▶ [ODDEX, SOES, and SCR Information and Guidance](#)
- ▶ [Community School Flags In SOES](#)
- ▶ [Community School Data Pull Process](#)
- ▶ [EMIS Validation and Report Explanations](#)



FTE Reviews

- FY19 FTE Reviews wrapping up.
 - Final determination must be made by end of September.
- FY20 FTE Manual released July 31.
- FY20 schools selected by September 15.
- FY20 FTE Reviews included in ODE compliance system.





College Credit Plus

Deductions on Statement of Settlement updated in August and February with interim updates possible. (JV09)

Deductions Reflect Approved CCP Courses in ODDEX (or 45 day auto approved)

ODDEX updating weekly.



College Credit Plus

Deductions in FY20 will reflect the following:

- Spring '19 (beginning in August, 2019)
- Summer '19 (beginning by Feb, 2020)
- Autumn '19 (beginning by Feb, 2020)

Adjustments from prior fiscal years made in single adjustments using JV91



Community Schools Funding

Reports and information about basic financial resources provided for community schools.

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Community School Payment Letters | Journal Voucher Codes

FY2020

- » Community School Payment Reports
- » Community School Payment Reports (Excel Format)
- » Payment Schedule
- » College Credit Plus Deduction Report

FY2019

- » Community School Payment Reports
- » Community School Payment Reports (Excel Format)
- » Payment Schedule
- » College Credit Plus Deduction Report
- » Community School Simulation Calculator
- » Community School Funding Components

College Credit Plus

How to resolve errors?

- Place Flag in ODDEX
- Alert College/University of issues
- EMIS Helpdesk Ticket

Questions?

- E-Mail schoolfunding@education.ohio.gov

Questions?



Join the Conversation



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OHEducation



OhioEdDept



education.ohio.gov/text
