



JIM PETRO
AUDITOR OF STATE
STATE OF OHIO
www.auditor.state.oh.us

Date: May 28, 2002
Bulletin 2002-003

AUDITOR OF STATE BULLETIN

TO: CITY AUDITORS
CITY FINANCE DIRECTORS
COUNTY AUDITORS
COUNTY TREASURERS
SCHOOL DISTRICT TREASURERS
TOWNSHIP CLERKS
VILLAGE CLERKS
VILLAGE FISCAL OFFICERS
COUNTY PROSECUTING ATTORNEYS
IPA'S

SUBJECT: TAX BUDGET REQUIREMENTS
FISCAL WATCH CRITERIA

Requirement to Adopt a Tax Budget

Substitute House Bill No. 129 of the 124th General Assembly amends Ohio Rev. Code Section 5705.281 to expand the county budget commission's authority to waive the requirement that a government adopt a tax budget. Prior to this amendment, the commission could waive the requirement only for those governments that receive undivided local government or undivided local government revenue assistance money. The amendment extends this authority to allow the commission to waive the requirement for any subdivision or other taxing unit.

An affirmative vote of a majority of the commission, including the county auditor, is still required to enact a waiver. The taxing authority of the subdivision will still be required to provide the commission with the information it needs to fulfill its responsibilities under Chapter 5705, including setting tax rates. Other statutes within Chapter 5705 that refer to or rely on the data in the tax budget were also amended to include as an alternative source for the data the information submitted under Ohio Rev. Code Section 5705.281. **This amendment is effective June 3, 2002.**

Fiscal Watch Criteria

House Bill No. 365 amends Ohio Rev. Code Section 118.022 to allow the Auditor of State to place a county, township or municipal corporation into fiscal watch based on a projected year-end deficit within the general fund. Prior to this amendment, the Auditor's Office was forced to wait until year end to evaluate whether the government's financial condition had deteriorated to the point that a declaration of fiscal watch was appropriate. Now the declaration can be made much sooner, enabling the Auditor's Office to begin assisting the government in minimizing or eliminating the deficit at a much earlier date. Beginning the process earlier may permit the government to address the problem with less severe measures than would have been necessary had they waited until year-end.



JIM PETRO
AUDITOR OF STATE
STATE OF OHIO
www.auditor.state.oh.us

Date: May 28, 2002
Bulletin 2002-003

AUDITOR OF STATE BULLETIN

The process usually begins with a request from the county, township or municipal corporation to the Auditor of State asking for a determination of whether a fiscal watch condition exists. The government will then prepare a financial forecast that projects their best estimate of the general fund year-end balance. The forecast will include the written assumptions upon which it is based, and must be approved by the legislative authority. The forecast will be examined by the Auditor's Office and if the projected deficit balance exceeds one twelfth of the general fund's revenue from the prior year, the government will be declared to be in fiscal watch. **This amendment is effective May 30, 2002.**