



Office of Budget and Management

John R. Kasich
Governor

Timothy S. Keen
Director

April 4, 2013

The Honorable William G. Batchelder, Speaker
Ohio House of Representatives
77 S. High St., 14th Floor
Columbus, Ohio 43215

The Honorable Keith Faber, President
Ohio Senate
Statehouse, 1 Capitol Square, 2nd Floor
Columbus, Ohio 43215

Dear Speaker Batchelder and President Faber:

Division (E) of section 118.07 of the Revised Code requires the Financial Planning and Supervision Commission to report annually to the Speaker of the House and the President of the Senate on the progress made by municipal corporations, counties, or townships to eliminate fiscal emergency conditions, and the failures of municipal corporations, counties, or townships to comply with Chapter 118.

Under division (D) of section 118.05 of the Revised Code, the director of budget and management or my designee serves as chairperson of each financial planning and supervision commission. As chairperson, and on behalf of all commissions in operation during the period April 2012 through March 2013, I submit the following report.

Sincerely,

Timothy S. Keen, Director

cc: The Honorable Armond Budish, House Minority Leader
The Honorable Eric Kearney, Senate Minority Leader

FINANCIAL PLANNING AND SUPERVISION COMMISSIONS ANNUAL REPORT MARCH 31, 2013

Section 118.07(E) of the Ohio Revised Code requires the Financial Planning and Supervision Commissions created under Chapter 118 to report by April 1 of each year to the Speaker of the House and the President of the Senate on the progress made in eliminating fiscal emergency conditions for local governments that are in a state of fiscal emergency. The following report is divided into five sections: 1) Conditions for Declaration and Termination of Fiscal Emergency; 2) Overview of Local Governments in Fiscal Emergency during the Period April 1, 2012 through March 31, 2013; 3) Financial Planning and Supervision Commissions Terminated since April 1, 2012; 4) Local Governments Currently in Fiscal Emergency for Which Release has been Requested by Their Commissions; and 5) Local Governments Currently in Fiscal Emergency with Active Financial Planning and Supervision Commissions.

Conditions for Declaration and Termination of Fiscal Emergency

Section 118.03 of the Revised Code details the six conditions under which a municipal corporation, county, or township may be declared in fiscal emergency and placed under the oversight of a financial planning and supervision commission. These conditions are:

1. The existence of a default on any debt obligation of more than thirty days;
2. The failure for lack of cash in the funds to make payment of all payroll to employees in the amounts and at the times required by law, ordinances, resolutions, or agreements for more than thirty days after such time for payment or beyond a period of extension, or beyond the expiration of ninety days from the original time for payment, whichever occurs first;
3. An increase, by action of the county budget commission pursuant to division (D) of section 5705.31 of the Revised Code, in the minimum levy of the municipal corporation, county, or township for the current or next fiscal year which results in a reduction in the minimum levies for one or more other divisions or taxing districts;
4. The existence of a condition in which all accounts that, at the end of its preceding fiscal year, were due and payable from the general fund and that either had been due and payable for at least thirty days at the end of the fiscal year or to which a penalty has been added for failure to pay at the end of the fiscal year, and amounts due and payable to persons and other governmental entities and including any penalties and interest thereon, less the year-end balance in the general fund. Such past due accounts payable must exceed one-sixth of the general fund budget for that year or one-sixth of available revenues during the preceding year, excluding nonrecurring receipts.
5. The existence of a condition in which the aggregate of deficit amounts of all deficit funds at the end of the preceding fiscal year, less the total of any year-end balance in the general fund and in any special fund that may be transferred to meet such deficit, exceeded one-sixth of the total of the general fund budget for that year and the receipts to those deficit funds during that year other than from transfers from the general fund.
6. The existence of a condition in which, at the end of the preceding fiscal year, moneys and marketable investments in or held for the unsegregated treasury of the municipal corporation, county or township, minus outstanding checks and warrants, were less in amount than the aggregate of the positive balances of the general fund and those special funds the purposes of which the unsegregated treasury is held to meet, and such deficiency exceeded one-sixth of the total amount received into the unsegregated treasury during the preceding fiscal year.

Termination of the financial planning and supervision commission formed as a result of the declaration of fiscal emergency by the auditor of state thereby releases the municipal corporation, county, or township from fiscal emergency. Under section 118.27 of the Revised Code, the municipal corporation, county, or township must do all of the following if the commission is to be terminated and release from fiscal emergency is to occur:

1. Plan and is in the process of a good faith implementation of, an effective financial accounting and reporting system, and it is reasonably expected that such implementation will be completed within two years;
2. Correct and eliminate or has planned and is in the process of good faith implementation of correcting and eliminating all of the fiscal emergency conditions and no new fiscal emergency conditions have occurred;
3. Met the objectives of the financial recovery plan described in section 118.06 of the Revised Code;
4. Prepare a financial forecast for a five-year period in accordance with the standards issued by the auditor of state. The auditor of state must render an opinion that the financial forecast is considered to be nonadverse.

The first condition for termination is met by addressing the comments made on the Report on Accounting Methods issued by the auditor of state's office. This report focuses on the development or lack of written policies, the need for adequate cash controls, and the use of spending restraints among other items. By addressing these comments, the municipal corporation, county, or township often addresses the reasons why it found itself in fiscal emergency, thereby precluding a repeat of this declaration.

Overview of Local Governments in Fiscal Emergency during the Period April 1, 2012 through March 31, 2013

There were 26 local governments in fiscal emergency at some point during the period April 1, 2012 through March 31, 2013. One of these, the City of Girard, was released from fiscal emergency, and eight more have requested release, and are awaiting completion of a termination analysis.

Of the 17 remaining, 16 had active financial planning and supervision commissions. The Village of Tiro in Crawford County was declared in fiscal emergency in August of 2012, but due to recent amendments to section 118.05 of the Revised Code, the powers and responsibilities normally assumed by a commission have been delegated to the Auditor of State.

The average length of time that these governments have been in fiscal emergency is 5 years. Manchester Township, however, has been in fiscal emergency for approximately 10.6 years. The two most recent declarations were made on October 9, 2012 and October 11, 2012, and were for the City of East Cleveland and the Village of Newcomerstown, respectively.

The following municipal corporations, counties, or townships have been declared in fiscal emergency and have either been released from fiscal emergency as a result of the termination of their commission, have requested release and are awaiting the completion of a termination analysis by the auditor of state, or have an active commission and are currently working on the four conditions detailed above in order to be released from fiscal emergency.

Financial Planning and Supervision Commissions Terminated Since April 1, 2012

City of Girard, Trumbull County

Population: 9,958

Date Fiscal Emergency Declared: August 8, 2001

Date Fiscal Emergency Terminated: June 7, 2012

Brief Summary:

The City of Girard was declared in fiscal emergency because it had defaulted on two Ohio Water Development Authority (OWDA) loans, and had six deficit funds totaling over \$1.4 million. Cost cutting initiatives such as contracting for income tax collections, and reducing workers compensation and health insurance expenses combined with water rate increases, and passage of a fire levy helped the city decrease its deficits. It was not until a cooperative tax sharing agreement with the City of Youngstown and the annexation of property for the VMS steel plant was completed that the City of Girard got the boost it needed to clear up all deficit balances. The finance director worked aggressively to correct the numerous problems identified in the Report on Accounting Methods and termination from fiscal emergency was finally declared on June 7, 2012.

Local Governments Currently in Fiscal Emergency for Which Release has been Requested by Their Commissions

Village of Bethel, Clermont County

Population: 2,711

Date Fiscal Emergency Declared: August 24, 2010

Brief Summary:

The Village of Bethel was declared in fiscal emergency as a result of deficit fund balances. The village has reduced expenditures, passed a street levy, maximized its investment opportunities, and brought deficit funds under control in a little over a year. Solid five-year financial projections combined with the implementation of sound fiscal policies and procedures culminated in the village's request for release from fiscal emergency on February 6, 2013.

City of Campbell, Mahoning County

Population: 8,235

Date Fiscal Emergency Declared: June 10, 2004

Brief Summary:

When the city of Campbell was declared in fiscal emergency, a number of funds had deficit balances and there was a real question as to the city's ability to provide for the next payroll. The waterworks infrastructure had become difficult to support, and talk began of its possible sale. Although it took some time to accomplish, through a combination of cost cutting measures and revenue enhancements, the city has addressed all deficits and projects healthy, positive fund balances for the next five years.

What has prevented the city from coming out of fiscal emergency has been its inability to address all the comments made on the Auditor of State's Report on Accounting Methods. A reenergized administration and city council, and the hiring of a new finance director have resulted in an expedient resolution of these comments, and Campbell requested release from fiscal emergency on January 28, 2013.

City of Garfield Heights, Cuyahoga County

Population: 28,849

Date Fiscal Emergency Declared: October 14, 2008

Brief Summary:

The City of Garfield Heights had nine funds with deficit balances totaling over \$4.8 million, and although possessing adequate cash, was over sixty days past due on some obligations when the fiscal emergency declaration was issued. In 2009, a Local Government Fund Note was issued in the amount of \$3,499,883.34 to assist in the reduction of deficit balances. Note payments from the proceeds of the city's local government fund distribution will cease in mid-2014.

The city has aggressively negotiated collective bargaining agreements, reduced its labor force, and has continued to cut spending elsewhere. Rather than increase tax rates, which are already among the highest in the area, the city has worked to broaden its base by persistently pursuing economic development opportunities. Among its successes in this area is the investment of approximately \$10 million by Overdrive, Inc., a fast-growing distributor of e-books and audio books.

Garfield Heights has addressed all the conditions that placed the city in fiscal emergency and now projects healthy balances for the next five years. The city will continue to exercise strong fiscal management and endeavor to build upon collaborative endeavors such as the Southeast Area Law Enforcement Agency (SEALE), the Northeast Ohio Public Energy Council (NOPEC), and the First Suburbs Consortium to provide needed services to its constituents in the future. Garfield Heights requested release from fiscal emergency on February 4, 2013.

Village of Manchester, Adams County

Population: 2,023

Date Fiscal Emergency Declared: September 29, 1997

Brief Summary:

Deficit fund balances prompted the declaration of fiscal emergency for the Village of Manchester. Through various spending cuts and revenue enhancements, the village was ready to request release from fiscal emergency in 2005. Remaining deficits and issues with the village's clerk and her inability to correct the problems identified in the Report on the Accounting Methods precluded removal at that time. A change in the staffing of the clerk's position, and further revenue enhancements have enabled the village to formulate a non-adverse five-year projection and to remain on solid ground in the future.

Although the village requested release from fiscal emergency on February 14, 2012, the auditor of state is continuing to monitor the village's implementation of an effective financial accounting and reporting system as provided in section 118.27 of the Revised Code. This is the second time that Manchester has been declared in fiscal emergency and a good financial accounting and reporting system is integral to the continued financial stability of the village.

Village of Melrose, Putnam County

Population: 275

Date Fiscal Emergency Declared: December 17, 2008

Brief Summary:

As of October 31, 2008 when the analysis was performed that led to the declaration of fiscal emergency, the Village of Melrose had three funds with deficit balances totaling over \$18,000 and a treasury deficiency of approximately the same amount. Although these amounts may seem fairly insignificant, the thresholds for the declaration were met quite readily due to the size of the village's total budget.

In order to resolve its deficits, the village instituted a one percent income tax, enacted a \$5 permissive license fee, reduced the number of operable street lights, and renewed fire and EMS levies that cover the provision of these services by the Village of Oakwood. These initiatives combined with strengthened fiscal stewardship prompted the Financial Planning and Supervision Commission for the Village of Melrose to formally request its release from fiscal emergency on January 15, 2013.

Village of Midland, Clinton County

Population: 315

Date Fiscal Emergency Declared: November 30, 2006

Brief Summary:

The Village of Midland was declared in fiscal emergency due to deficits in two funds. These deficits were primarily the result of the illegal use of village cash and credit by the fiscal officer as well as improper accounting procedures and the lack of fiscal policy. The fiscal officer had also allowed an existing 3 mil levy to expire, causing a substantial revenue problem in 2006 and beyond.

Less than a year later, the village placed a 3 mil replacement levy on the ballot to restore the loss of funding. This levy passed, but several attempts for new millage failed until the village finally succeeded in November of 2009. All funds are currently in a healthy position and Financial Planning and Supervision Commission requested release from fiscal emergency on March 13, 2012. The village is working on comments on the Report on Accounting Methods as they await the completion of the fiscal emergency termination analysis.

Village of Waynesville, Warren County

Population: 2,834

Date Fiscal Emergency Declared: April 15, 2008

Brief Summary:

Five deficit fund balances were responsible for the fiscal emergency declaration for the Village of Waynesville. Unlike most deficit funds situations, the general fund was healthy, but could not offset the deficits in the street maintenance and repair fund, the police fund, the sidewalk assessment fund, the parks and recreation fund, and the historic preservation fund. On its second attempt, the village passed a 1% income tax with 100% credit/reciprocity if paid to another jurisdiction. The increased revenues permitted the village to accelerate principal payments on a bond anticipation note reducing its interest expenses, as well as offset its outstanding fund deficits. The village has continued to keep spending in line and is working on the resolution of a few outstanding comments on the Report on Accounting Methods.

Although the village originally requested release from fiscal emergency in September of 2011, three subsequent changes to their financial recovery plan as well as a change in staffing in their fiscal operations has impeded progress on the fiscal emergency termination analysis. Completion, however, is expected in the near future.

Village of West Elkton

Population: 197

Date Fiscal Emergency Declared: September 16, 2004

Brief Summary:

On September 16, 2004, the Village of West Elkton was declared in fiscal emergency as a result of treasury deficiencies and deficit balances in five funds. The village's expenditures had exceeded its revenues for quite some time. Various cost cutting and revenue generating initiatives were put into place, and the village was ready to request release from fiscal emergency in 2008. While the comments on the Report on Accounting Methods were being addressed, the village deviated from its recovery plan, and forecasts showed the general fund back in a deficit position. The Commission reconvened, and the village made the necessary adjustments, including disbanding the police department and selling its sole cruiser, to achieve a non-adverse five year forecast.

The Village of West Elkton's Financial Planning and Supervision Commission again requested release from fiscal emergency on April 17, 2012. However, the Village deviated from its recovery plan once again and is being closely monitored by the auditor of state. It is hoped that monitoring will soon come to a close and West Elkton can finally be released from fiscal emergency.

Local Governments Currently in Fiscal Emergency with Active Financial Planning and Supervision Commissions

Bloom Township, Scioto County

Population: 3,235

Date Fiscal Emergency Declared: August 9, 2005

Brief Summary:

Bloom Township's deficits in its general fund and motor vehicle license tax fund were responsible for the declaration of fiscal emergency in August of 2005. Several attempts to increase revenues to generate positive fund balances were rejected by the voters, and the township trustees were forced to resort to performing services themselves, decreasing expenditures, and adjusting the allocation of expenses among funds.

By August of 2009, the township had resolved all deficit fund balances, and prepared to request release from fiscal emergency. Attempts by the Auditor of State to meet with the fiscal officer to prepare for the termination analysis were unsuccessful, and the township remained in fiscal emergency. In February of 2011, a second request for release was sent to the Auditor's office and staff has yet to be able to assemble the information or staff to complete a termination analysis. Financial Planning and Supervision Commission meetings have been sparsely attended, and recent financial information compiled for the Commission leave some doubt as to whether the township can or should be released from fiscal emergency.

City of East Cleveland, Cuyahoga County

Population: 17,843

Date Fiscal Emergency Declared: October 9, 2012

Brief Summary:

When declared to be in fiscal caution by the Auditor of State, the City of East Cleveland had deficit fund balances in an amount exceeding \$5.8 million. An inability to formulate a plan to correct the fiscal practices or budgetary conditions that prompted this declaration first led the city into fiscal watch and then finally into fiscal emergency.

East Cleveland is no stranger to fiscal emergency, having been first declared in 1988. After a struggle to achieve fiscal solvency that stretched over 17 years, the city was terminated from fiscal emergency in 2006. However, many of the problems that plagued the city then continue today. East Cleveland's financial difficulties are the result of a structural imbalance that has resulted in the provision of basic services at costs that exceed revenues. It is likely that the city will not only have to decide what services it will provide residents, but how these services will be provided and by whom.

Village of Fort Shawnee, Allen County

Population: 3,726

Date Fiscal Emergency Declared: September 16, 2010

Brief Summary:

The Village of Fort Shawnee was declared in fiscal emergency as a result of deficit fund balances, and a treasury deficiency. In addition, the village had past due accounts payable that were at least thirty days behind at the end of the previous calendar year, and at least sixty days behind at the time of declaration. The village made spending cuts, reduced staffing, and reduced the hours of current staff. In spite of these actions, the only way the village could hope to be released from fiscal emergency was by increasing its current revenue stream.

An attempt to do so in November of 2011 with the placement of a 4.4 mil property tax levy on the ballot failed by a wide margin. In November 2012, the village tried once more to pass a tax levy, and again met with strong opposition. What did meet with much greater success was a measure placed on that same ballot by voter referendum to surrender the village's corporate powers and dissolve. In compliance with section 703.21 of the Revised Code, the results of the election were certified to the secretary of state and the county recorder and subsequently recorded, thereby ceasing the village's corporate powers. As soon as the transfer of deeds and property takes place under judicial supervision, the village's financial records will be closed out, and a check for the remaining fund balances will be issued to Shawnee Township.

Although Fort Shawnee no longer exists as a village, it technically remains in fiscal emergency because it could not meet the criteria for dissolution of the commission under section 118.27 of the Revised Code. The fiscal emergency laws as they currently exist do not contemplate such an occurrence, and OBM will be working with the Auditor of State and the Attorney General to recommend a resolution.

City of Galion, Crawford County

Population: 10,512

Date Fiscal Emergency Declared: August 9, 2004

Brief Summary:

When the city of Galion was declared in fiscal emergency, it had 13 separate funds that were running deficits totaling more than \$10.9 million, and a treasury deficiency of slightly over \$4.3 million. Throughout the years, the city has reduced general expenditures, employed layoffs, aggressively negotiated labor and health insurance contracts, and increased revenues through water, sewer, and electric rate hikes as well as increases in income tax. At present, the only outstanding issue is the resolution of the electric rates, and the city will be able to request release from fiscal emergency sometime in 2014 or 2015.

In November of 2012, voters abolished the city charter, and Galion is now a statutory municipal corporation. The effect of the city's change in governance has yet to be determined, and may impact the time in which release from fiscal emergency is attained.

Village of Lakemore, Summit County

Population: 3,068

Date Fiscal Emergency Declared: August 31, 2010

Brief Summary:

The Village of Lakemore was declared in fiscal emergency as a result of deficit fund balances and a treasury deficiency. Although some improvements in its financial condition have occurred, the village is still struggling with the loss of its major employer.

Lakemore reluctantly reduced the income tax credit given to residents employed outside of the village until its efforts to grow its economy bear fruit. Few developable areas are available to entice new employment opportunities, but the village has met with some measured success.

A rather unique collaborative partnership was formed with adjoining Springfield Township to solicit the location of a Dollar General Store. The building is actually constructed along the property line dividing the township and the village, requiring mutual cooperation on zoning, permits, and other issues. Additional collaborative relationships will continue to be explored in the future, but in spite of this, release from fiscal emergency may not occur until 2017.

Village of Leipsic, Putnam County

Population: 2,093

Date Fiscal Emergency Declared: September 16, 2010

Brief Summary:

As of May 31, 2010 when a fiscal emergency analysis was conducted, the Village of Leipsic had five funds with deficits totaling over \$1 million and three OWDA loans for which payments were thirty days past due. Leipsic had incurred more debt than it could reasonably manage in an attempt to keep pace with the demands of investments made in the area.

The Village of Leipsic has increased water and sewer rates to cover debt service obligations, and will continue to refinance debt so that the burden of these payments can be more readily handled. Recent financial projections indicate that fund balances will have adequate carryover balances sometime in FY 2015 and will likely request release from fiscal emergency at that time.

Manchester Township, Adams County

Population: 2,052

Date Fiscal Emergency Declared: September 20, 2002

Brief Summary:

When fiscal emergency was declared, Manchester Township had a number of funds with deficit balances, a treasury deficiency, and had used gas tax revenues to support general operations. In almost ten years of fiscal emergency, improvements to the township's financial picture have been negligible. Past levy results indicate a reluctance to support the township with

additional funding, and the general fund remains in a deficit position. The township is a likely candidate for dissolution.

City of Mansfield, Richland County

Population: 47,821

Date Fiscal Emergency Declared: August 19, 2010

Brief Summary:

The city of Mansfield had eleven funds with deficit balances of over \$9.7 million dollars when it was declared in fiscal emergency. Since the declaration of fiscal emergency, Mansfield has instituted layoffs, restructured operations citywide to realize efficiencies and economies of scale, and sought and received some concessions from safety forces.

Although the general fund is currently in the black, the inability of the Safety Services Fund to support the full operation of police and fire services places considerable stress on the fund. To alleviate the stress on the general fund and provide a more stable base for operations in the future, the city placed a .25% income tax levy on the November 6th ballot.

The failure of the levy combined with the recent increase in the contract between the city and Richland County for jail services and the uncertainty of ongoing contract negotiations further increases the time it will take the city to be released from fiscal emergency. Mansfield continues to make necessary operational changes in order to provide the best service possible with the least cost involved, but may not be able to avoid more layoffs in the future.

Village of McClure, Henry County

Population: 725

Date Fiscal Emergency Declared: September 10, 2009

Brief Summary:

When the Village of McClure was declared in fiscal emergency, it had four funds with deficit balances totaling slightly under \$200,000 and a treasury deficiency of around \$125,000. The result of a regular audit performed for years ending December 31, 2008 and 2009 included several findings for recovery against the then clerk-treasurer for overpayments, unauthorized advances between funds, the withholding of payroll of a village employee for the repayment of a personal loan, and several undocumented expenditures. The position of clerk-treasurer, which is an elected position, has been replaced with the appointment of a fiscal clerk.

Since September of 2009, the village has transferred its water and sewer operations to Henry County and eliminated its small police department. The village should be ready for release from fiscal emergency sometime in 2015 or 2016, since it will take that long to eliminate its general fund deficit.

Village of New Bavaria, Henry County

Population: 99

Date Fiscal Emergency Declared: May 6, 2010

Brief Summary:

The Village of New Bavaria was declared in fiscal emergency as the result of a deficit in the general fund of more than \$12,000, as well as a corresponding treasury deficiency. In an attempt to resolve this deficit, the village passed a 3 mil property tax, and recently instituted a one percent income tax.

Given their small tax base, however, it will take some time to fully address the general fund deficit. Although tax revenues have come in higher than first anticipated, reducing the deficit by over \$10,000, much of these gains will be eaten away by salary and audit expenses, and some minimal park improvements in the future. The general fund will not be out of the red until 2016.

Village of Newcomerstown, Tuscarawas County

Population: 3,822

Date Fiscal Emergency Declared: October 11, 2012

Brief Summary:

Although the Village of Newcomerstown has struggled financially for a number of years, it wasn't until 2012 when the village met the criteria for declaration of fiscal emergency under sections 118.03(A)(5) and 118.03(B) of the Ohio Revised Code. Of the four funds that revealed adjusted deficit balances as of April 30, 2012, the largest deficit was in the village's Cemetery Fund. An attempt to address this deficit by instituting a cemetery levy failed in November of 2012. Given the small carryover balance that currently exists in the General Fund, transfers between this fund and the Cemetery Fund to reduce its deficit cannot be made.

Newcomerstown is unique in its mixed tax base, hosting an industrial park as well as a large residential population. It has the potential to increase general revenues through economic development, and to decrease the deficit accordingly. Given that Newcomerstown currently boasts a self-funded volunteer fire department and EMS run solely on bingo operations, it is possible that the village could look to innovative solutions to their budget challenges

Village of Portage, Wood County

Population: 438

Date Fiscal Emergency Declared: April 8, 2009

Brief Summary:

When the Village of Portage was declared in fiscal emergency, it had two funds with deficit balances totaling over \$135,000 and a treasury deficiency of over \$77,000. To remedy the situation, the village reduced expenditures, imposed a one percent income tax and is in the

preliminary stages of attempting to annex property north of the village to generate additional income. Once a candidate for dissolution, a recent five-year projection indicates that the village may be in the position to request release from fiscal emergency in 2015 or 2016. Serious doubts remain as to its ability to provide necessary street improvements in the future. No capital outlays have been contemplated, and if needed, the village would have to rely on grants.

Scioto County

Population: 79,499

Date Fiscal Emergency Declared: August 19, 2009

Brief Summary:

Scioto County is the first county in the state of Ohio to be declared in fiscal emergency. When the declaration was made, the county had four funds with deficit balances totaling over \$3.5 million. Since that time, the county's commitment to keep spending in line combined with strong gains in sales tax collections have been responsible for the eradication of all deficit balances. One of the most problematic was the deficit in the Juvenile Detention Center fund which was remediated through a series of transfers from the general fund.

The county continues to work on its five year forecast and any comments in the Auditor of State's Report on Accounting Methods. If all remaining tasks are successfully completed, Scioto County will request release from fiscal emergency sometime this year.

City of Wellston, Jackson County

Population: 5,663

Date Fiscal Emergency Declared: October 1, 2009

Brief Summary:

When the City of Wellston was declared in fiscal emergency, it had a treasury deficit of over \$1.7 million. Since this time, the city has been able to reduce cash deficits by over \$1.2 million.

As of December 31, 2012, the largest cash deficits were in the cemetery fund and the sewer fund. With little viable means to increase revenues in the cemetery fund, the general fund will have to permanently subsidize operations. Some progress has begun to be made in the area of water and sewer funds, but the system suffers from years of neglect, poor administration, and employee abuses.

The city continues to struggle to improve its fiscal position. Reductions in deficit balances have occurred, but at its current pace, may take some time to resolve. The city has begun to take a more aggressive stance towards past due accounts by placing liens against owner-occupied property as a means to both reduce deficits and prevent future ones from occurring. Wellston has also looked into the possibility of transferring ownership and operation of the cemetery to another entity.

Village of West Mansfield, Logan County

Population: 682

Date Fiscal Emergency Declared: August 13, 2009

Brief Summary:

The Village of West Mansfield had five funds with deficit fund balances totaling well over \$200,000 and a corresponding treasury deficiency. The most problematic of these deficits involves water and sewer operations. While a 1.5 mil levy for repairs and EPA required improvements to water facilities was renewed, a different allocation scheme between the two funds was required, as well as a series of rate hikes in order to achieve solvency. Water and sewer charges will increase by twenty percent in 2012, ten percent in 2013, and two percent in years 2014 through 2016.

The village renewed a 2.5 mil levy for street repairs, but will always have to rely on the general fund to offset all expenses. In order to do this, the village passed levies in 2009 for general operations and plans to enact a one percent income tax effective January of 2013. If revenues come in as projected or greater, the village may be able to request release from fiscal emergency in 2014 or 2015.

Village of Willshire, Van Wert County

Population: 397

Date Fiscal Emergency Declared: December 29, 2005

Brief Summary:

When the Village of Willshire was declared in fiscal emergency, it had two funds with deficit balances totaling over \$100,000, and a treasury deficiency of slightly more than \$40,000. As is the case with the Village of West Mansfield, water and wastewater operations are the main concern. The water system is operating at excess capacity, and the village is looking to add new customers to improve cash flow. In the interim, the existing population has been forced to cover the operating costs of the system, which can be cost prohibitive. Water and sewer rates, for instance, have increased by 15 percent in 2010 and 10 percent in 2011.

Additional revenue enhancements include the passage of a 3 mil levy for fire department operations and a one percent income tax with no credit given for taxes paid to other municipalities. Both the water and the wastewater funds will begin to achieve positive balances this year, and if revenues and expenditures stay in line with the village's recovery plan, a request for release from fiscal emergency can be expected within a year or two.