



Office of Budget and Management

John R. Kasich
Governor

Timothy S. Keen
Director

April 3, 2017

The Honorable Cliff Rosenberger, Speaker
Ohio House of Representatives
77 S. High St., 14th Floor
Columbus, Ohio 43215

The Honorable Larry Obhof, President
Ohio Senate
Statehouse, 1 Capitol Square, 2nd Floor
Columbus, Ohio 43215

Dear Speaker Rosenberger and President Obhof:

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 2016 through March 2017, I submit the following report.

Sincerely,

Timothy S. Keen
Director

cc: The Honorable Fred Strahorn, House Minority Leader
The Honorable Joe Schiavoni, Senate Minority Leader

**FINANCIAL PLANNING AND SUPERVISION COMMISSIONS ANNUAL REPORT
APRIL 3, 2017**

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Overview of Local Governments in Fiscal Emergency during the Period April 1, 2016 through March 31, 2017

There were 25 local governments in fiscal emergency at some point during the period April 1, 2016 through March 31, 2017. Two of them were released from fiscal emergency, and six more have requested release and are awaiting completion of a termination analysis. Nineteen local governments had or will have financial planning and supervision commissions under divisions (A) through (K) of section 118.05 of the Revised Code.

Of the 25 local governments in fiscal emergency, there are six local governments that do not have financial planning and supervision commissions¹. In September 2011, the General Assembly amended section 118.05 of the Revised Code to create a new form of oversight for those local political jurisdictions with populations under 1,000 that meet any of the six conditions for fiscal emergency². In these cases, the powers and duties previously assumed by a commission are delegated to a financial supervisor who is employed by the Auditor of State. These local governments are not discussed in this report.

Overview of Financial Planning and Supervision Commissions and Statutory Reporting Requirements

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. Below is a table that shows the number of commissions currently operating, the number of commissions that requested release, the number of new commissions during the year, and the number of ongoing commissions.

Financial Planning and Supervision Commissions by Report Year

Report Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total Financial Planning Commissions	16	20	24	24	23	24	19	18	16	17
Emergencies Declared	3	5	5	6	0	2	2	4	0	3
Release requested	2	2	2	4	4	8	4	3	3	7
Released by AOS	4	1	1	6	1	1	7	5	2	2

Note: Totals may not add, the reporting of "Release Requested" includes all commissions with standing requests for release. As of September 29, 2011, there were no commissions convened for local governments with populations under 1,000. The number of these governments is not reflected in this table.

The average length of time that the governments that are the subject of this report have been in fiscal emergency is six years. The Village of Manchester, however, has been in fiscal

¹ The six entities are: the Village of Tiro in Crawford County, the Village of Patterson in Hardin County, the Village of Trimble in Athens County, the Village of Smithfield in Jefferson County, the Village of Green Camp in Marion County, and the Village of Clarksville in Clinton County.

² The six conditions for fiscal emergency can be found in the appendix to this report.

emergency for over 19 years. The most recent declaration was made on November 15, 2016, and was for the Village of Wellsville.

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, or will have, a commission formed and are currently working on achieving fiscal stability in order to be released from fiscal emergency. Information on population is drawn from the AOS report and based on date of declaration.

Financial Planning and Supervision Commissions Terminated Since April 1, 2016

Village of Lakemore, Summit County

Population: 3,068

Date Fiscal Emergency Declared: August 31, 2010

Date of Release: November 10, 2016

Brief Summary:

The Village of Lakemore was declared in fiscal emergency as a result of deficit fund balances and a treasury deficiency.

Action Steps Taken:

- Income tax revenues have increased due to new and expanded businesses.
- A 4.25 mil Fire Department levy increasing revenue by more than \$230,000 was approved at the November 2015 ballot.
- All deficits were eliminated in 2015 and a non-adverse 5 year forecast shows an increasing balance in the general fund.

Village of Newcomerstown, Tuscarawas County

Population: 3,822

Date Fiscal Emergency Declared: October 11, 2012

Date of Release: June 13, 2016

Brief Summary:

The Village of Newcomerstown was declared in fiscal emergency as a result of deficit fund balances on October 11, 2012. The largest deficit was in the village's cemetery fund.

Action Steps Taken:

- Transfers from the general fund have eliminated all negative balances and a 5 year forecast indicates a growing balance in the general fund.
- The Report on Accounting Methods was issued on September 24, 2015, and all comments have been resolved.

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

Bloom Township, Scioto County

Population: 3,235

Date Fiscal Emergency Declared: August 9, 2005

Date of Request to Release: February 2011

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. Although release from fiscal emergency was requested over five years ago, the township has struggled to meet all necessary deliverables. However, much progress has been made since the date of the last report, and it is anticipated that release is on the horizon.

Action Steps Taken:

- The township decreased expenditures and adjusted allocation of expenditures resulting in positive fund balances.
- The financial supervisor is continuing to work with the township to resolve comments on the Report on Accounting Methods and arrive at a non-adverse five year forecast in order to terminate the need for a financial planning and supervision commission.

Village of Portage, Wood County

Population: 438

Date Fiscal Emergency Declared: April 8, 2009

Date of Request to Release: March 31, 2015

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.

Action Steps Taken:

- Portage reduced expenditures, imposed a one percent income tax and annexed property north of the village to generate additional income.
- The village's success with annexation has also attracted potential development from outside sources, which has greatly enhanced their short and long term financial picture.
- All comments on the Report on Accounting Methods have been addressed enabling the village to request release from fiscal emergency. The financial supervisors are continuing to work with the village to finalize termination.

City of Massillon, Stark County

Population: 32,149

Date Fiscal Emergency Declared:

October 8, 2013

Date of Request to Release:

November 15, 2016

Brief Summary:

A deficit of \$2.4 million in the general fund from 2012 was carried over into 2013, and the Auditor of State declared the city in fiscal emergency. The deficit balance was reduced to \$1.1 million for the start of 2014.

Action Steps Taken:

- The deficit balance was eliminated through spending cuts, increased income tax collections, and the receipt of one time revenues such as workers' compensation rebates, and personal property and estate tax collections.
- Also among the financial plan initiatives was the reduction of an income tax credit from 100 percent to 75 percent for residents employed outside the city.
- In August of 2016 the city passed an income tax increase of .2% dedicated to street maintenance and repair.
- In October 2016, the general fund carried a \$1.4 million balance and in November the commission approved a resolution to request release.

City of Wellston, Jackson County

Population: 6,078

Date Fiscal Emergency Declared:

October 1, 2009

Date of Request to Release:

January 10, 2017

Brief Summary:

When the City of Wellston was declared in fiscal emergency, it had a treasury deficit of over \$1.7 million. Since that time, the city has been able to reduce cash deficits and build positive balances in funds that previously were in the red.

Action Steps Taken:

- Through a combination of tax increases, reductions in expenses, and expansion of its tax base, all of Wellston's funds were in a positive position at the end of calendar year 2016.
- Wellston established a FIRE and EMS Training Academy for the purpose of providing required certified training for firefighters in its geographical area. Although it has not been in operation long enough to substantiate its ability to bring in additional funding for Wellston's fire department, the Academy has not had a negative effect on the budget. As the Academy continues to draw local and perhaps state attention, the city may benefit in less tangible ways.
- The city addressed comments made on the Report on Accounting Methods and has overcome the deficit in the five-year forecast of the general fund. In December 2016, the general fund carried a \$900,000 fund balance.

Village of Leipsic, Putnam County

Population: 2,236

Date Fiscal Emergency Declared:

September 16, 2010

Date of Request to Release:

January 5, 2017

Brief Summary:

When the 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 30 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.

Action Steps Taken:

- Village of Leipsic increased water and sewer rates to cover debt service obligations and future maintenance and improvements to those systems. Leipsic continues to refinance debt so that payments can be more readily handled and searches out grants and other funding as well.
- Leipsic renewed a 0.5% income tax for another ten years starting in 2016. Nine percent of this additional tax is used to remediate blighted properties with the remainder used to retire the reservoir debt.
- The Village of Leipsic continues to monitor business activity for impact on its tax base. As of December 2016, all of the village's fund balances were in a positive position and the five-year forecast indicated healthy balances in all years. The commission met in January 2017 and requested release from fiscal emergency.

Village of Edgerton, Williams County

Population: 2,012

Date Fiscal Emergency Declared:

December 17, 2013

Date of Request to Release:

March 9, 2017

Brief Summary:

The Village of Edgerton was declared in fiscal emergency as a result of deficit fund balances in the general, street construction, maintenance and repair, state highway, infrastructure, storm water, and garbage funds as of August 31, 2013.

Action Steps Taken:

- The passage in November 2014 of an additional 0.75% ongoing income tax levy has given the village a needed boost in revenues.
- Financial records are balanced and the implementation of new financial software ensures that the village will have timely and accurate information upon which to base financial decisions in the future.
- The village administration stressed that it was their goal to get out of financial emergency as soon as possible and they worked admirably to attain release.

Village of West Mansfield, Logan County

Population: 700

Date Fiscal Emergency Declared:

August 13, 2009

Date of Request to Release:

March 30, 2017

Brief Summary:

The Village of West Mansfield had five funds with deficit fund balances totaling well over \$200,000 and a corresponding treasury deficiency when it was placed in fiscal emergency. The most problematic of these deficits involved water and sewer operations.

Action Steps Taken:

- Fund deficits were addressed over the years with a combination of renewal levies and rate hikes ranging from 20 percent in 2012 to one percent in years 2014 and onward.
- Improvements to the water and sewer systems have been made with grants from the Ohio Public Works Commission and the Development Services Agency as well as debt financing.
- To offset some of the costs borne by residents as a result of utility rate hikes, West Mansfield chose not to renew a 2.5 mill levy for street repairs.
- While the deficits in the water and sewer funds were extinguished over time, concerns arose about the health of the general fund as a result of the village's stagnant tax base. The village enacted a one percent income tax that became effective in January of 2013 and in November of 2015 passed a 3 mill levy for general operations.
- All funds of the village are stable and work has been accomplished to address the remaining comments on the Report on Accounting Methods. The commission requested release from fiscal emergency on March 30, 2017.

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

City of East Cleveland, Cuyahoga County

Population: 17,843

Date Fiscal Emergency Declared:

October 9, 2012

Brief Summary:

When declared to be in fiscal emergency by the Auditor of State, the City of East Cleveland had deficit fund balances in an amount exceeding \$5.8 million. The city was previously in fiscal emergency from 1988 to 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 not just the cost of services that has compounded the problem, but the loss of revenues that has dramatically impacted the city's financial base. The city income tax, which is its greatest source of revenue, has been dealt a serious blow by the loss of employers such as the United States Postal Service and Huron Road Hospital.

Action Steps Taken:

- East Cleveland has increased garbage fees, leased a cell tower, sold property, combined some job positions, and instituted a city-wide layoff and salary freeze.
- It has also transferred cash from inactive funds via the general fund to reduce and/or eliminate deficit balances in a number of funds.
- The city has transferred all deficit fund balances to the general fund. While the city has been able to reduce deficit fund balances to around \$2.9 million from last year's \$3.4 million, it has paid past due accounts payables from around \$3.4 million last year and is now \$2.2 million starting this year.
- A special election was held in December 2016 resulting in the recall of the mayor and the president of council. With new leadership in place the commission has requested a new financial recovery plan, and that effort is currently underway.

Outlook:

The City will continue to operate with little cash available for emergency purposes and will need to continue extremely tight restraint on services usually provided by cities in Ohio. Given its economic base, it is unlikely that East Cleveland will extricate itself from its financial distress any time soon and the commission has limited to no ability to remedy the current status. This situation has led to discussions with the City of Cleveland about a potential merger, however, those discussions have not rendered any resulting actions.

City of Fostoria, Seneca County

Population: 13,441

Date Fiscal Emergency Declared: May 26, 2016

Brief Summary:

The fiscal emergency declaration indicated that as of February 29, 2016 the Auditor of State determined the deficit fund balances of the City of Fostoria to be \$505,330.

Action Steps Taken:

- The city provided the commission with a financial recovery plan on December 6, 2016, 120 days after the first commission meeting.
- The commission met on January 4, 2017 to consider the plan and voted to reject the plan on a unanimous vote. The plan was rejected because it relied on tax increases that were not currently in the city's legal authority, increased debt without clarity about current and new revenue from utility rates, and did not contain revenue from recently passed legislation to remove an income tax credit.

- A new recovery plan was approved by the commission at the end of March 2017. It contains a reduction of force of up to 15 fire and police employees unless a five-year 6 mil property levy is approved by voters in November 2017.

Outlook:

The city will continue to look for cost cutting measures to assist in eliminating the deficit balances, each option includes making difficult choices. Stable financial footing will require the city to significant reductions in spending if the proposed property levy fails in November.

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.

Action Steps Taken:

- 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.
- In November of 2012, voters abolished the city charter, and Galion is now a statutory municipal corporation. The change in governance has required more than a few adjustments to operations.

Outlook:

The City's most recent financial recovery plan indicates healthy fund balances with more than adequate carryover cash. Galion continues to work through challenges brought about by its loss of institutional knowledge and a lack of experience in some governmental procedures and requirements. The Auditor of State's Office is continuing to assist in training on fiscal procedures so the city may perform all necessary functions on their own. Once this is completed or a plan is in place the commission will be in a position to vote to request release from emergency.

Manchester Township, Adams County

Population: 2,723

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.

Action Steps Taken:

In almost 15 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.

Outlook:

The auditor's review of financials indicates that the township is slowly but surely reducing expenditures. If reductions continue at the current rate, Manchester Township could be in a position to request release sometime in the next three to four years.

Village of Manchester, Adams County

Population: 2,223

Date Fiscal Emergency Declared: September 29, 1997

Brief Summary:

Deficit fund balances prompted the declaration of fiscal emergency for the Village of Manchester.

Action Steps Taken:

- Through various spending cuts and revenue enhancements, the village was originally ready to request release from fiscal emergency in 2005.
- Remaining deficits and issues with the inability of the village's clerk to correct the problems identified in the Report on the Accounting Methods precluded removal at that time.
- Since 2005, the village has requested release a number of times, only to face similar issues with staffing and finances. At the commission meeting in late December 2016, the commission unanimously decided to rescind its February 2015 request for release and to continue to provide assistance and guidance to the village.

Outlook:

In 2016, the village filled the finance clerk position with a former council person who is very detail oriented and anxious to assist Manchester in its removal from fiscal emergency. In March 2017, village council voted to disband the village police department, creating uncertainty about the provision of safety services in the future. In addition, the village is in the process of using grants and loans to satisfy an EPA mandated wastewater system upgrade, estimated to be \$1.5 million. Pending electric utility plant closures will negatively affect school district and village funding, which will place additional pressure for any move to increase village revenues. Future commission meetings will continue to closely examine finances until such time as the village reaches fiscal stability.

City of Maple Heights, Cuyahoga County

Population: 23,138

Date Fiscal Emergency Declared: February 13, 2015

Brief Summary:

When Maple Heights was declared in fiscal emergency, it had debt payments that were thirty days past due, and deficit funds totaling almost \$2.8 million. The Commission first met on September 24, 2015, and a financial plan was submitted by Jan. 24, 2016. The City ended 2016 with a deficit of \$1.8 million.

Action Steps Taken:

- The city adhered to the financial recovery plan primarily by restraining expenditures. By the end of 2016 the general fund deficit had been reduced to (\$1.8 million)
- The commission is monitoring revenue and expenditures to assure annual reduction of the deficit.

Outlook:

At the present time it appears that the substantial negative balance in the general fund and other fiscal emergency conditions will not be cleared for three years. The city is presently working on the first revision to the financial recovery plan.

City of Niles, Trumbull County

Population: 19,266

Date Fiscal Emergency Declared: October 7, 2014

Brief Summary:

The City of Niles was declared in fiscal emergency on October 7, 2014 due to deficit fund balances, most significantly in the general and water funds. Shortly thereafter, it was also determined that the city had not performed bank reconciliations since December 31, 2011.

Action Steps Taken:

- Working with the financial supervisors, all reconciliations were completed and a 2015 starting balance of the general fund was determined to be \$1,399,140.
- The Niles water fund started 2015 with a negative \$2,358,527 balance and due to fee increases ended the year with a negative \$790k balance. The water fund is projected to continue to recover. However, a second fee increase has been necessary as water main breaks continue to drive increased spending from the fund.
- The general fund ended 2016 with a \$340k balance, however, this was only achieved after layoffs of safety forces early in the year and then passage of a .5% income tax increase. The city presented a new financial recovery plan in December, but expected revenue is already falling short due to the fact they have not been able to lease the Wellness Center.

Outlook:

Niles will continue in fiscal emergency for at least another year. The water fund, while improved, continues to be under stress with higher than expected spending and revenues that are not performing at a level necessary to address capital improvement needs. Without decisive steps to replace revenue assumed to come from leasing the Wellness Center the city will again end the year with a small balance in the general fund. Having increased revenue in the water fund and the general fund, the city will need to exhibit strong discipline on the spending side in order to be considered for removal from fiscal emergency.

City of Norwood, Hamilton County

Population: 19,207

Date Fiscal Emergency Declared: October 6, 2016

Brief Summary:

The City of Norwood was declared in fiscal emergency due to deficit fund balances (\$38,000 as of December 2015 and \$260,000 as of June 2016). Norwood had previously been in fiscal watch since October 2004 until October 2016. In the early 1980s, Norwood was also in fiscal emergency, being declared in May 1980 and terminated in October 1982.

Action Steps Taken:

- The first meeting of the City of Norwood Financial Planning and Supervision Commission was March 10, 2017. The financial recovery plan, developed by the mayor and approved by city council, will be presented to the Commission within 120 days of this initial meeting (by July 8, 2017).

Outlook:

Historically, Norwood revenues from a 2% city income tax and property tax collections have been stable. Analysis is underway to understand options for aligning planned spending to revenue estimates.

St. Clair Township, Butler County

Population: 6,908

Date Fiscal Emergency Declared: May 15, 2014

Brief Summary:

St. Clair Township was declared in fiscal emergency on May 15, 2014 as a result of deficit fund balances. At the time, the general, life squad, ambulance and emergency, and lighting districts funds were all in a deficit position. To complicate matters further, the financial records were in disarray.

Action Steps Taken:

- Before the first commission meeting, the township had reduced dental and health insurance and discontinued the payment of cell phone coverage for the trustees.
- With a great deal of help from the State Auditor's Office, the new fiscal officer was able to reconcile the bank accounts and adjust appropriations to be in line with estimated revenues. Commission members are now able to receive financial information and monitor progress made by the Township.

Outlook:

While an additional 1.5 mill levy placed on the November 2015 ballot overwhelmingly failed, the township has reduced expenditures enough to gradually remove itself from fiscal emergency over time without additional revenues. It is realistic to project that St. Clair Township may be able to seek release from fiscal emergency later in 2017.

Village of Wellsville, Columbiana County

Population: 3,541

Date Fiscal Emergency Declared: November 15, 2016

Brief Summary:

Deficit funds were identified by the Auditor of State as follows; \$93,021 as of December 31, 2015 and \$28,710 as of May 31, 2016.

Action Steps:

- The first meeting of the Wellsville commission was conducted on March 23, 2017 starting the 120-day time period for the village to put together a financial recovery plan. Much work has already been completed by a new fiscal officer including reconciling of the fund balances and creating projections for future revenue.
- The village has enacted appropriations for 2017 that do not exceed revenue estimates and could reduce deficit balances to a small extent.

Outlook:

The village will be creating a financial recovery plan over the next couple months, and is well positioned by the current fiscal officer to develop a plan to reduce and eliminate deficit balances.

APPENDIX

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 past due accounts payable from the general fund that were due and payable for at least thirty days at the end of the preceding fiscal year, or to which a penalty has been added for failure to pay at the end of the fiscal year. Such past due accounts payable must exceed one-sixth of the general fund budget for that year.

OR

The existence of past due accounts payable from all funds that were due and payable for at least thirty days at the end of the preceding fiscal year, or to which a penalty has been added for failure to pay at the end of the fiscal year. Such past due accounts payable must exceed 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 condition 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 non-adverse.

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.