



## The Path Out of Fiscal Emergency in Ohio

Glenn Sheller, Moderator



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## Path to Fiscal Emergency

- A lot more than *balancing the checkbook*.
- Civic trauma in a community that residents love and call home.
- Especially in small and tight-knit communities, it can mean decisions and actions that can affect local residents' jobs, taxes, services, trust and relationships.
- A big deal.



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## Fiscal Emergency: Stats

- Since 1980, 79 townships, villages and cities have been declared to be in fiscal emergency.
- 17 currently are working their way out.
- Since 1996, 43 Ohio school districts have been in fiscal emergency -- 2 currently.
- The median time local governments remain in fiscal emergency is 4.7 years:
  - Meaning that half are restored to fiscal health in no more than 4.7 years; half take longer than that.



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## Fiscal Emergency: Triggers

- Ohio Revised Code Chapter 118 definition of fiscal emergency.
- Presence of any one of these factors can prompt a designation of fiscal emergency:
  - Persistent overdue accounts payable that exceeded 1/6 of the budget for the year.
  - Persistent deficit funds that exceed 1/6 of the total General Fund budget for that year.



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## Fiscal Emergency: Triggers

- Presence of any one of these factors can prompt a designation of fiscal emergency (continued):
  - Failure to pay employees for more than 30 days and a period of agreed-upon extension that cannot last more than 90 days.
  - Default on payment on any debt obligation for more than 30 days.
  - An increase in the inside millage by the County Budget Commission that results in a reduction for any of the overlapping subdivisions or taxing districts.



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## Fiscal Emergency

- What happens?
  - Local government comes under the oversight of a financial planning and supervision commission; includes local and state officials as well as three local residents.
  - Ohio Auditor's office serves as the financial supervisor to the commission.
  - For a village or township with a population of fewer than 1,000, the Auditor serves as the financial supervisor and has all the powers of a commission.



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## Fiscal Emergency

- Fiscal emergency ends when these conditions are met:
  - An effective financial accounting and reporting system is being implemented.
  - All fiscal emergency conditions are being eliminated.
  - Financial recovery plan objectives are being met.
  - The entity has a five-year financial forecast that the Auditor's office determines is "non-adverse."



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## Fiscal Emergency: Panelists

- **Jenny August**, Fiscal Officer, Village of Mantua
- **Dawn Fitzcharles**, Former Administrator, Village of Edgerton / Current Operations Manager, Bryan Municipal Utilities
- **Bill Gilpin**, Fiscal Officer, Village of Bethel
- **Unice Smith**, Chief, Local Government Services, Ohio Auditor of State
- **Belinda Miller**, Chief Project Manager, Local Government Services, Ohio Auditor of State
- **Glenn Sheller**, Moderator, Editor, Ohio Performance Team Ohio Auditor of State



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## Fiscal Emergency: Panel Q1

Q1: Briefly describe the factors that led to your government falling into the status of fiscal emergency.



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## Fiscal Emergency: Panel Q2

Q2: Please describe your experience of having LGS and the financial planning and supervision commission stepping in to advise and supervise efforts to restore solvency.



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## Fiscal Emergency: Panel Q3

Q3: Explain the key steps your community took to restore solvency and how difficult these steps were.



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## Fiscal Emergency: Panel Q4

Q4: Please offer brief advice for other communities facing this difficult situation – how to work with LGS, what attitude to bring to the task.



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## Fiscal Emergency: Panel Q5

Q5: Offer advice on how to avoid fiscal emergency.



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## Fiscal Emergency

Questions and Answers



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## Fiscal Emergency

### Local Government Services

Ohio Auditor of State's Office  
88 E. Broad St.  
Columbus, Ohio 43215

800-345-2519



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