East Cleveland has a lot of ground to cover. They city must address a neglected physical and financial situation that will take everyone to work together as a unit. With the hiring of the new finance director as well as a collection firm to go after past due traffic citations.

By JAMES W. WADE III

Staff Reporter

East Cleveland has some financial troubles, though not as deep as it was for nearly 18 years. Last week Ohio Auditor David Yost declared the impoverished city in a state of “fiscal caution,” saying it’s running a 6 million dollar deficit. That’s not quite as bad as the “fiscal emergency” status East Cleveland fell under from 1988 until 2006.

“Fiscal caution is the first of three steps of increasing seriousness for local governments that get into fiscal distress,” Yost said at the press conference on Thursday at East Cleveland City Hall with Mayor Gary Norton, Jr. and Council President Dr. Joy Jordan.

Yost says he’s confident that East Cleveland’s leadership can come up with a plan to reverse the city’s latest financial problems.

“New development, outsourcing and regional partnerships are all being utilized to help bring stability to this community. I encourage them to continue to pursue these types of opportunities,” Yost added.

A review of financial data at November 30, 2011 identified 15 funds with deficits totaling more than $5.8 million. These deficits exceed two percent of the estimated revenue to those funds by more than $5.4 million.

Under the declaration, and in accordance with Revised Code 118.025, the city has 60 days to

submit to the Auditor of State a plan to correct the budgetary conditions that led to the declaration of fiscal caution, including eliminating deficit fund balances.

The authority to declare a state of fiscal caution for municipalities was established through the course of Ohio’s biennial budget passed last year. Yost believes that, rather than through sudden declarations of fiscal watch and emergency, local governments should be provided with earlier notice of financial concerns.

Instead, these political subdivisions should have access to the same tool provided for school districts, allowing a declaration of fiscal caution. Under fiscal caution, the subdivision has an opportunity to make adjustments to avoid a declaration of fiscal watch or emergency.

East Cleveland was previously declared in fiscal emergency on September 9, 1988 for deficit funds and treasury deficits. The city was released from fiscal emergency on February 6, 2006.

The fiscal years 2006, 2007 and 2008 financial audits of the City of East Cleveland were also released. Citations related to budgetary problems were issued. The city did not make required payments to the Ohio Police and Fire Pension Fund during the audit years.

As of November 3, 2011, the city owes $221,021 for 2006, $279,080 for 2007 and $283,521 for 2008. A questioned cost of $611,159 was issued in the 2007 audit due to a possible misuse of

U.S. Department of Housing and Urban Development grant money.

“I’ve read the three audits and Auditor of State Yost’s fiscal caution declaration. There is nothing in any of those documents stating that my administration had $5.8 million in unpaid bills to vendors and that those “unpaid bills” are the reason East Cleveland is now being placed in fiscal caution,” said former East Cleveland Mayor Eric Brewer.

Jordan said part of East Cleveland’s money problems could be traced back to the population decline. “We are now under, or approximately 17,000 in population in the city of East Cleveland,” Jordan said.

That means fewer taxpayers, coupled with the recent loss of Huron Hospital, which brought in one million dollars a year to the city has affected the city financially.

Mayor Gary Norton said the situation could be much worse and he appreciates the auditor’s assessment and offer of support. Norton is trying to stay positive about the situation, especially since City Council took $37,000 from his salary.

East Cleveland Council shared that they have stop paying for 8 other positions such as the utilities director, Utilities Department chief accountant, Utilities Department administrative assistant, assistant safety director, deputy tax administrator, tax enforcement officer, tax assistant, and assistant director in the Finance Department.

With all the cost saving measures, no one seems to be concern about the salary of the person who is responsible for running the city, the mayor. In the charter, the director of Parks and Recreation makes more then the mayor.

The Clerk of Courts also makes more than the mayor.

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Public Finance Solutions (PFS), a collection firm has paid East Cleveland $575,000 in 2011 and over $300,000 so far in 2012. The revenue collected is split between the city, PFS, and Automated Traffic Solutions for the traffic cameras.