Declaration of Fiscal Caution

Pursuant to Section 118.025(A), Revised Code, the Auditor of State developed guidelines for identifying fiscal practices and budgetary conditions that, if uncorrected, could result in a future declaration of a fiscal watch or fiscal emergency of a municipal corporation, county, or township. If the Auditor of State determines that a municipal corporation, county, or township is engaging in any of those practices or that any of those conditions exist, the Auditor of State may declare a municipal corporation, county, or township to be in a state of Fiscal Caution.

The Auditor of State’s guidelines for a declaration of fiscal caution include (1) unauditable financial records; (2) significant deficiencies, material weaknesses, direct and material noncompliance as disclosed in the financial audit; (3) deficit fund balances; (4) a carryover fund balance of less than one month’s average expenditures for two consecutive years, and (5) a failure to reconcile accounting journals and ledgers with the treasury.

Based on review of fund financial data of the City of East Cleveland at November 30, 2011, the City of East Cleveland had deficit fund balances in the amount of $5,872,222. These deficits exceed two percent of the estimated revenue to those funds by $5,451,535.

Accordingly, the Auditor of State hereby declares the City of East Cleveland to be in a state of Fiscal Caution under Section 118.025(A) of the Ohio Revised Code. A copy of this declaration is being submitted to Gary A. Norton, Jr., Mayor, Dr. Joy Jordan, President of Council, and Ronald Brooks, Director of Finance.

Dave Yost
Auditor of State

January 5, 2012