



Dave Yost • Auditor of State

DECLARATION OF FISCAL WATCH

Effective November 22, 2011, the Auditor of State declared the City of Portsmouth, Scioto County, to be in a state of fiscal caution in accordance with Section 118.025 of the Ohio Revised Code. The declaration was based on the City's 2010 audited financial statements. The City had significant deficiencies, material weaknesses, and material noncompliance with Ohio law including negative cash fund balances, appropriations that exceed estimated resources in the general fund, the underfunding of the City's insurance fund and the need to update a cost allocation plan used for allocating costs to other funds. In addition, deficit funds at December 31, 2010 consisted of \$530,043 in the General fund, \$9,482 in the Municipal Court Grants fund and \$10,332 in the Rural AIDS State Grant fund.

Upon review of the written proposal submitted to the Auditor's office, the Auditor of State determined that the City of Portsmouth had provided an acceptable proposal for correcting the conditions that prompted the declaration of fiscal caution on February 29, 2012.

Section 118.025(E) of the Ohio Revised Code states that if the Auditor of State finds that a municipal corporation declared to be in fiscal caution has not made reasonable proposals or taken action to discontinue or correct the fiscal practices or budgetary conditions that prompted the declaration of fiscal caution, and, if the Auditor or State considers it necessary to prevent further fiscal decline, the Auditor of State may determine that the municipal corporation should be in a state of fiscal watch.

On November 30, 2012, the Auditor of State notified the City of Portsmouth that it had made very little progress in correcting or eliminating the issues which were identified as a result of the City being declared in fiscal caution.

Accordingly, the Auditor of State hereby declares the City of Portsmouth to be in a state of fiscal watch under Section 118.025(E) of the Ohio Revised Code. A copy of this declaration is being submitted to David Malone, Mayor, Steve Sturgill, President of Council, Trent Williams, City Auditor, and David Green, Secretary of the Scioto County Budget Commission.

A handwritten signature in blue ink that reads "Dave Yost".

Dave Yost
Auditor of State
April 9, 2013