



Dave Yost • Auditor of State

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) unauditible 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 a review of the City of Akron's unaudited financial statements for 2010 and the audited financial statements for 2009, the City of Akron met the following fiscal caution conditions:

1. Significant deficiencies, material weaknesses, and direct and material noncompliance with Ohio law as disclosed in its regular audit including negative cash fund balances, appropriations exceeding available resources, and a failure to obtain a reduced amended certificate of estimated resources; and;
2. Deficit fund balance at December 31, 2010 and 2009 in the amount of \$87,820,000 and \$116,981,000, respectively, as reported in the City's financial statements prepared in accordance with generally accepted accounting principles.

Accordingly, the Auditor of State hereby declares the City of Akron 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 Donald L. Plusquellic, Mayor, Marco S. Sommerville, President of Council, and Diane L. Miller-Dawson, Director of Finance.

A handwritten signature in black ink, appearing to read "Dave Yost".

Dave Yost
Auditor of State

September 30, 2011