



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 Village of Smithfield's (Jefferson County) financial records, the Village of Smithfield met the following fiscal caution conditions:

1. The issuance of an unauditible letter to the Village on April 10, 2012 to restore financial records to an auditible condition within 90 days which the Village has failed to complete;
2. Significant deficiencies, material weaknesses and direct and material noncompliance with Ohio law as disclosed in the Village of Smithfield's 2008-2009 financial audit. The audit disclosed six noncompliance issues and four material weakness findings which included the failure of the Village to certify or accurately keep amounts against appropriations, not retaining records in accordance with the Ohio Revised Code, and not accurately keeping the books of the Village. The Village also failed to file annual reports with the Auditor of State's office.
3. Fund balances cannot be determined because the records for the Village are in very poor condition and in need of reconstruction;
4. The Village has not reconciled its account journals and ledgers with the bank for the period January 1, 2011 through August 31, 2014 (44 months).

Accordingly, the Auditor of State hereby declares the Village of Smithfield 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 Richard Boyd, Mayor of the Village of Smithfield, Nikki Pflugh, President of Village Council and Debbie Coconougher, Fiscal Officer.

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

Dave Yost
Auditor of State

October 2, 2014