



# Mary Taylor, CPA

Auditor of State

## Declaration of Fiscal Emergency

Effective October 18, 2006, the Department of Education declared the Federal Hocking Local School District, Athens County, to be in a state of Fiscal Caution in accordance with Section 3316.031 of the Ohio Revised Code. The declaration was based on an anticipated deficit for the fiscal years ending June 30, 2007 and 2008.

The Auditor of State declared the Federal Hocking Local School District in fiscal watch on March 20, 2007. This declaration was based upon a determination by the Department of Education that the District had not provided an acceptable written proposal for correcting the budgetary conditions that prompted the declaration of fiscal caution and for preventing the District from experiencing further fiscal difficulties. Upon reviewing the Federal Hocking Local School District's five-year forecast filed with the Department of Education on November 1, 2006, which included a deficit of \$282,000 and \$1,466,000 for the fiscal years ending June 30, 2007 and 2008, respectively, the Auditor of State found the Department of Education's request that the Federal Hocking Local School District be placed in fiscal watch to be reasonable.

Section 3316.04, Revised Code, requires that the board of education of a district declared to be in fiscal watch prepare and submit a financial plan to the State Superintendent of Public Instruction that demonstrates the actions the board will take to eliminate the district's current operating deficit and avoid incurring future operating deficits. A school district that fails to submit an acceptable plan within 120 days of the declaration of fiscal watch is required to be declared in a state of fiscal emergency in accordance with Section 3316.03(B), Revised Code. The Federal Hocking Local School District Board of Education passed a resolution on May 15, 2007 stating their inability to develop a fiscal watch recovery plan.

Accordingly, the Auditor of State hereby declares the Federal Hocking Local School District to be in a state of Fiscal Emergency under Section 3316.03 (B)(2) of the Ohio Revised Code. A copy of this declaration is being submitted to Daniel R. Dailey, President of the Board of Education of the Federal Hocking Local School District, J. Pari Sabety, State Director of Budget and Management, Jill A. Thompson, Athens County Auditor, and Susan Tave Zelman, State Superintendent of Public Instruction.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

May 21, 2007