



**Auditor of State
Betty Montgomery**

DECLARATION OF FISCAL EMERGENCY

At the request of the East Liverpool City School District Board of Education dated April 23, 2003, the Office of the Auditor of State performed an examination of the financial forecast of the general fund of the School District as required under Section 3316.03, Revised Code. In conjunction with our examination of the financial forecast, the Office determined and certified an operating deficit for the fiscal year ending June 30, 2004 to the State Department of Education on December 18, 2003 in the amount of \$2,606,000.

Under Section 3316.03B(5), Revised Code, the Auditor of State may issue an order declaring a school district to be in a state of fiscal emergency if the following conditions are satisfied:

- An operating deficit has been certified for the current fiscal year by the Auditor of State, and the certified operating deficit exceeds ten percent, but does not exceed fifteen percent, of the school district's general fund revenue for the preceding fiscal year.
- A levy has not been passed by the voters that will raise enough additional revenue in the succeeding fiscal year that will result in the first condition not being met in the succeeding fiscal year.
- The Auditor of State determines that a declaration of fiscal emergency is necessary to correct the district's fiscal problems and to prevent further fiscal decline.

An analysis conducted of the East Liverpool City School District, for the purpose of determining whether the district met the conditions outlined above, disclosed the following:

- C The Auditor of State certified an operating deficit of the general fund in the amount of \$2,606,000. This amount represents 12.2 percent of East Liverpool City School District's general fund revenue for fiscal year 2003 which exceeds ten percent but does not exceed fifteen percent of the general fund revenues for the prior fiscal year.
- C The District has not passed a levy that will eliminate the first condition.
- C The School District was placed in fiscal caution on March 15, 2003. The Auditor of State, based on a request from the Department of Education, declared the School District in a state of fiscal watch on September 29, 2003 because the School District failed to submit a proposal that would eliminate the deficits for the current and next

fiscal year to the Department of Education. On December 8, 2003, the Department of Education notified the Auditor of State that the School District has failed to submit to the Superintendent of Public Instruction a financial plan delineating the steps the Board of Education will take to eliminate the School District's current operating deficit and avoid incurring operating deficits in ensuing years.

The Auditor of State believes it is in the best interest of the School District that a state of fiscal emergency be declared because of the lack of action taken by the Board of Education to correct its current fiscal problems and to prevent further fiscal decline.

Accordingly, the Auditor of State hereby declares the East Liverpool City School District to be in a state of fiscal emergency as defined by Section 3316.03(B)(5), Revised Code. A copy of this report is being submitted to Maureen Aronoff, President of the Board of Education of the East Liverpool City School District, Thomas W. Johnson, Director of Budget and Management, Dolores Satow, East Liverpool City Mayor, and Dr. Susan Tave Zelman, State Superintendent of Public Instruction.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

December 18, 2003