DECLARATION OF FISCAL EMERGENCY

Effective September 4, 2012, the Department of Education declared the East Knox Local School District, Knox 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 year ending June 30, 2012 as well as the potential for deficits in future years.

The Auditor of State declared the East Knox Local School District in fiscal watch on September 30, 2014. This declaration was based upon the failure to submit a written proposal for eliminating the anticipated deficits that prompted the declaration of fiscal caution. Upon a determination by the Department of Education that the School District has not provided an acceptable proposal and reviewing the East Knox Local School District’s five-year forecast filed with the Department of Education on April 14, 2014, which included forecasted deficits of $172,000, $1,467,000 and $3,316,000 for the fiscal years ending June 30, 2015, 2016 and 2017, the Auditor of State found the Department of Education’s request that the East Knox Local School District be placed in fiscal watch to be reasonable.

Under Section 3316.03(B)(2), Revised Code, the Auditor of State shall issue an order declaring a school district to be in a state of fiscal emergency if the school district board fails to submit an updated plan when one is required by division (C) of section 3316.04 of the Revised Code. Section 3316.04(C) of the Revised Code requires a school district to submit an updated financial plan to the State Superintendent of Public Instruction, for the Superintendent’s approval, every year that the district is in a state of fiscal watch. The State Superintendent of Public Instruction shall approve or disapprove each updated plan no later than the anniversary of the date on which the first such plan was approved. The East Knox Local School District Board of Education has failed to submit an acceptable updated recovery plan. The East Knox Local School District Board of Education passed a resolution, dated November 10, 2014, stating their inability to adopt a financial recovery plan.

Accordingly, the Auditor of State hereby declares the East Knox Local School District to be in a state of fiscal emergency as defined by Ohio Revised Code Section 3316.03(B)(2). A copy of this declaration is being submitted to Don Lemley, President of the East Knox Local School District Board of Education; Timothy Keen, Director of the Ohio Office of Budget and Management; Jonette Curry, Knox County Auditor, and Dr. Richard Ross, State Superintendent of Public Instruction.

Dave Yost
Auditor of State
February 5, 2015