



STATE OF OHIO
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DECLARATION OF FISCAL WATCH

At the request of the North Royalton City School District Board of Education dated June 10, 2002, the Office of the Auditor of State performed an examination of the school district's financial forecast of the general fund as required under Section 3316.03, Revised Code. In conjunction with our examination of the financial forecast, the Auditor determined and certified an operating deficit for the year ending June 30, 2003 to the State Department of Education on September 18, 2002 in the amount of \$3,128,000.

Section 3316.03(A)(1), Revised Code requires the Auditor of State to declare a school district to be in a state of fiscal watch if the Auditor of State determines that the district meets the conditions prescribed in Section 3316.03(A)(1), Revised Code. These conditions are summarized as follows:

- An operating deficit has been certified for the current fiscal year by the Auditor of State, and the certified operating deficit exceeds eight percent of the school district's general fund revenue for the preceding fiscal year;
- A levy has not been passed by the voting electors that will raise enough additional revenue in the next succeeding fiscal year so that the first condition will not apply to the school district in the next succeeding fiscal year.

The analysis conducted of the North Royalton City School District for the purpose of determining whether the district met the conditions outlined above disclosed the following:

- The Auditor of State certified an operating deficit of the general fund in the amount of \$3,128,000. This amount exceeds eight percent of the general fund revenues for the prior fiscal year.
- The North Royalton City School District has not passed a levy that will eliminate the first condition.

Accordingly, the Auditor of State hereby declares the North Royalton City School District to be in a state of Fiscal Watch as defined by Section 3316.03(A)(1), Revised Code. A copy of this report is being submitted to Heidi Dolezal, President of the Board of Education of the North Royalton School District, Thomas Johnson, Director of Budget and Management, Kathy Luks, Mayor of the City of North Royalton, and Susan Tave Zelman, State Superintendent of Public Instruction.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

September 20, 2002