



Auditor of State Betty Montgomery

DECLARATION OF FISCAL EMERGENCY

At the request of the Shelby City School District Board of Education dated January 27, 2005, 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 Auditor of State determined and certified an operating deficit for the fiscal year ending June 30, 2005 to the State Department of Education on April 7, 2005 in the amount of \$3,253,000.

Section 3316.03(B)(1), Revised Code, requires the Auditor of State to declare a school district to be in a state of fiscal emergency if the Auditor of State determines that the school district meets the following conditions:

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

An analysis conducted of the Shelby City School District for the purpose of determining whether the school 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 \$3,253,000. This amount represents 21 percent of the Shelby City School District's general fund revenues for the fiscal year ended June 30, 2004.
- The Shelby City School District has not passed a levy that will eliminate the first condition.

Accordingly, the Auditor of State hereby declares the Shelby City School District to be in a state of fiscal emergency as defined by Section 3316.03(B)(1), Revised Code. A copy of this report is being submitted to Fred McKinney, President of the Board of Education of the Shelby City School District, Thomas W. Johnson, Director of Budget and Management, James W. Hunter, Mayor of the City of Shelby, and Dr. Susan Tave Zelman, State Superintendent of Public Instruction.

A handwritten signature in black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

April 7, 2005