



**Auditor of State
Betty Montgomery**

Declaration of Fiscal Emergency

Effective March 26, 2004, the Department of Education declared the Sheffield-Sheffield Lake City School District (the School District), Lorain 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 anticipated deficits for the fiscal years ending June 30, 2004 and 2005.

The Auditor of State declared the Sheffield-Sheffield Lake City School District in fiscal watch on June 24, 2004. This declaration was based upon a determination by the Department of Education that the School 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 School District's five-year forecast filed with the Department of Education on May 27, 2004, which included a deficit of \$118,000 and \$2,130,000 for the fiscal years ending June 30, 2004 and 2005, respectively, the Auditor of State found the Department of Education's request that the School District be placed in fiscal watch to be reasonable.

While the School District was under fiscal watch, the Department of Education accepted a financial plan conditioned on the passage of a 9.55 mill levy placed on the November 4, 2004 ballot. The Department of Education revoked its acceptance of the School District's financial plan due to the failure of the levy. On December 13, 2004, the Board of Education passed a resolution declaring its inability to develop an acceptable financial plan that eliminates the current fiscal year deficit and requested the Auditor of State to consider placing the school district in fiscal emergency. The Department of Education in a letter dated December 20, 2004, requested the Auditor of State to consider placing the school district in fiscal emergency. 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.

Accordingly, the Auditor of State hereby declares the Sheffield-Sheffield Lake City 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 William Emery, President of the Board of Education of the Sheffield-Sheffield Lake City School District, Thomas Johnson, State Director of Budget and Management, John Piskura, Mayor of the City of Sheffield Lake, and Susan Tave Zelman, State Superintendent of Public Instruction.

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January 11, 2004