

## March 2007

The 2006-07 school year has been another successful one from the finance viewpoint. Despite a drop in enrollment of 70 students, our first significant decline in over 10 years, we have successfully balanced the budget through a combination of budget cuts, staff trimming, and creative uses of existing funding sources. The District remains committed to our tradition of academic excellence, and our most recent MEAP scores reflect our continued success!

Creating the 2007-08 budget is proving challenging, as our legislatures continue their pattern of waiting well into the school and calendar year before making the funding decisions crucial to school districts creating their budgets. What we do know, is the January 2007 Revenue Consensus conference shows State revenues coming in significantly lower than anticipated. This has created speculation that school funding may experience an Executive Order cut yet this school year. At the very least, this funding shortfall will be rolled into next year's school funding. Yet, several key legislatures indicate their willingness to not cut school funding this year or next. Only yesterday, March 20, 2007, did the leaders of the House and Senate sit down with the Governor to try and hammer out the State funding issues. It is in this uncertain and turbulent environment that the Public Schools of Petoskey is trying to build our budget for next school year.

The Public Schools of Petoskey has, to date, successfully maintained programs and avoided significant reductions in staff through a combination of expense cutting and the use of accumulated savings, also known as "fund balance". Our fund balance at June 30, 2006 was on target, at \$2.4 million. We anticipate that fund balance will drop to \$2.3 million by June 30, 2007. We anticipate a further reduction in fund balance in 2008, but are not able to accurately predict how much it will decline due to the State funding issue outlined above. In the past we have worked hard to maintain the minimum fund balance at no less than \$2.1 million, as that is the level necessary to ensure the District does not have to borrow money for operational purposes. We continue to aggressively look for cost savings and revenue sources, and any suggestions and ideas are appreciated.

In January, the Board of Education placed a bonding issue on the May ballot, for the purpose of building a new athletic facility, and to help renovate our existing auditoriums. This proposal, if passed, will allow the district to borrow \$14.92 million and pay it back over the next twenty years. The cost to the average Petoskey taxpayer would be \$50 per year. In addition, in order to ensure the District's General Fund is not negatively impacted by the costs of running the new facilities, we are also asking for .25 mill increase for a Recreational millage, or \$25 per year tax increase for the average taxpayer. These two millages will be on the May 8, 2007 ballot. Detailed information regarding this topic can be found [HERE](#), including a property tax calculator that can be used to accurately estimate the impact of these millages on one's finances.