

November 2004

Dr. Jeffrey, our Superintendent, and Kent Cartwright, our Business Manager, met with staff, students, parents and the public 18 times over the past 5 weeks regarding the budget outlook for the FY 2004-05 school year and beyond. This presentation, regarding the impact the State level budget problems might have on the District, is sobering and quite real. A copy of that presentation can be found [here](#).

Over the past three years, the Public Schools of Petoskey has cut \$1.7 million out of its budget. Over the past three years, the District has found new revenue sources totaling \$1.2 million dollars. Through these measures, the District audits show the results of operations in each of the past three years to be essentially break-even or better. However, in the current fiscal year (2004-05) the District will deliberately use over \$1.3 million of its reserves to maintain programs and staffing. This will reduce our financial reserves by over 40%, and will leave enough reserves to cover approximately 4.5 weeks of normal expenses. Six weeks of reserves is considered healthy by most financial advisors.

The District continues to look for ways to cut costs and increase revenues. The bottom line, however, is we are deliberately using significant amounts of our financial reserves in order to maintain programs, keep jobs, and basically do what is best for kids.

Unfortunately, we are not out of the woods yet. As you have read in the newspapers, the State of Michigan is facing a budget crisis. The loss to the State next year, if nothing is done to cut costs or increase revenues, is projected to be over a billion dollars. This deficit affects every department and program in the State, including the School Aid Fund. Here in the Public Schools of Petoskey, if no additional revenues were found, and no costs cuts were made, the district would spend 100% of its remaining reserves by June 30, 2006. Since using all of the reserves is not a fiscally sound, or legal, thing to do, the District is looking to trim its budget again for next fiscal year (FY 2005-06).

Unfortunately, the easy cuts have already been made, and both the Administration and the Board are concerned that this round of cuts will, in all likelihood, affect positions and people. We are looking for ideas and input into how best to make these cuts, and we will continue to meet with staff, students, parents, and the public in order to keep them informed and to receive their input. If you have any ideas, concerns, or comments, please feel free to e-mail me at cartwright.kj.m@petoskeyschools.org or send a letter to the main District offices at 1130 Howard Street, Petoskey MI 49770.

With that being said, the administration and the Board are committed to continuing the quality educational and extra-curricular programs our community has come to expect. For example, according to [Standard and Poor's](#):

How does this district's return on resources compare with other Michigan school districts?

Relative to other school districts in Michigan, Petoskey Public Schools achieves well above-average student results with moderately below-average spending per student.

What are this district's comparative strengths?

- Moderately above-average MEAP passing rate
- Well above-average MEAP excelling rate
- Well above-average MEAP passing rate for the Class of 2002 cohort
- Well above-average proportion of the Class of 2002 cohort receiving Michigan Merit Awards
- Moderately above-average ACT scores
- Moderately above-average ACT participation
- Well above-average AP scores

We have much to be proud of here at the Public Schools of Petoskey, and we intend to strive for continual improvement in how we provide services, and continue to do what is best for our kids.