

October 2012

The District received its audit from the external auditors, The Rehmann Group, and received a solid positive report. The District continues to successfully navigate the fiscally-challenging times we are in, in a manner designed to keep any negative impacts on the classroom to a minimum. Our fund balance, which is an often used measure of fiscal health, increased for a third straight year to a little over \$3 million or 12% of annual expenses. Just three years ago that same fund balance was at \$1.6 million or 6% of annual expenses.

The Board's fiscal plan is working. The plan included using the Federal ARRA and Edujobs funds received over the past two years to build a financial buffer, which we will intentionally use to stretch following budgets as long as possible. The idea is to provide maximum time for the Michigan economy to recover sufficiently to once again provide school funding that keeps pace with inflation. A review of our 2012-13 budget will show the beginning of our planned usage of this buffer, with the current year General Fund budget using a sizeable percentage of this savings.

Our community has shown its support this year by the passage of our \$4.9 million Technology Bond issue. The Technology Bond will replace, refresh, and upgrade our technology throughout the District over the next four years. This is an exciting time for our District, as our phenomenal technology department has been nursing a sizeable portion of our computers and technology infrastructure since their initial purchase twelve years ago! The District historically refreshed a portion of our technology on an annual basis, but the resources available are not sufficient to keep our 1,400 computers updated as often as we like. This bond issue will resolve this issue for the foreseeable future.

Also this year, our community renewed the Building and Site Sinking Fund for an additional seven years. This millage provides approximately \$1.7 million annually for infrastructure upgrades and/or replacements. The District maintains a comprehensive list of projects which accounts for each year of this support, on a project-by-project basis. This report is available to the public at the Spitler Administration Building. This summer our projects included partial roof replacement and the fixing of foundation drainage issues at Petoskey Middle School. Coming up next summer, our projects include roof replacement and repairs at Petoskey Middle School, Lincoln Elementary, and Ottawa Elementary, and a window replacement project at Petoskey Middle School.

Looking forward, the Public Schools of Petoskey will continue to be "Special Place for Everyone" while dealing with the challenges of reduced resources. We will also continue our long tradition of being excellent stewards of our taxpayers dollars, by providing top-notch results in an fiscally responsible manner.

Kent J. Cartwright, CPA

Chief Financial Officer