

June 28, 2010

To the constituents of Pinconning Area Schools:

The Pinconning Area School District (PASD) is dedicated to meeting the needs of students. We base our decisions on our goal to be student-centered. Our services are focused to meet the educational needs of our students in General Education, Special Education, Career and Technical Education, and Advanced Placement courses. PASD strives to provide quality curriculum, technology, facilities, staffing, and extra-curricular programs in a creative way while maintaining a strong fiscal foundation in a time of decreased revenues and increased expenses.

.....

The PASD Board of Education and administration would like to share the 2010-11 budget proposal with you. The administration is always looking at budget projections throughout the previous and current year to keep an eye on potential issues that may be developing in this time of financial challenges with State funding. The changing needs of our district and students have been incorporated into the budget, as has the vision for the future. In the many years that we have developed budgets, this is by far the most challenging. Never in recent memory have there been so many variables that have such dramatic impact but don't have a defined outcome. There are a number of proposals in various stages of development at the state level. Most have a negative impact on employees and on school budgets. When we receive our final audit for 2009-10, we will have an accurate number for our fund balance that will tell us how much we have left to continue to meet the challenges of 2010-11. We have designed our budget based on the following assumptions, and we will continue to keep a watchful eye on our budget throughout the year to remain fiscally responsible. Overall, this year's budget has more unknowns than any previous years, and it will be a document that will need to be changed as numbers become known.

**REVENUES:**

- 1) 2010-11 Budget Local Revenues are estimated to be \$1,316,300
  - a) This is a decrease of \$210,048 from 2009-10
  
- 2) 2010-11 State Aid is estimated to be \$10,537,200
  - a) This is a projected reduction of \$180,676 from 2009-10.
  - b) We are not counting any of the potential \$65 the state may be giving back.
  - c) This is assuming stable funding, and only the \$165 cut from last year
  - d) This is a projection of a 35 student loss.

**EXPENDITURES:**

- 1) Expenditures have been projected to be reduced by \$1.5m.
  - a. This is based on a pay freeze for all employees.
  - b. Assuming health care costs to remain flat or offset by employee contributions through negotiations.
  - c. Consolidation of Administrative Services (i.e. Payroll/Accounts Payable/Benefits and Special Education Director).
  - d. Retirement of seniored teachers and support staff.
  - e. Reduction/realignment of staff when feasible due to retirements.
  - f. Reduction of operational expenditures due to the closing of Mt. Forest Elementary.

*Pinconning Area Schools*

General Fund  
2010/2011

Original Budget  
July 1st, 2010

Local	\$1,316,300.00
State	\$10,537,200.00
Federal	\$492,000.00
ARRA Stimulus Funds	\$144,900.00
Interdistrict & Other Sources	\$187,100.00

Total Revenue	\$12,677,500.00
---------------	-----------------

Instruction	\$7,817,700.00
Support Services - Pupil	\$359,800.00
Support Services - Instruction	\$500,900.00
Administration	\$1,423,700.00
Operations & Maintenance	\$1,178,800.00
Transportation	\$772,300.00
Support Services - Other	\$176,300.00
Non-Public Schools	\$105,600.00
Capital Acquisitions / Loans	\$245,825.00
Transfers	\$200,000.00

Total Expenditures	\$12,780,925.00
--------------------	-----------------

Surplus / Deficit	-\$103,425.00
-------------------	---------------

Beginning Fund Balance	\$206,529.00
------------------------	--------------

Ending Fund Balance	\$103,104.00
---------------------	--------------

## SUMMARY OF 2010-2011 PASD BUDGET PROPOSAL

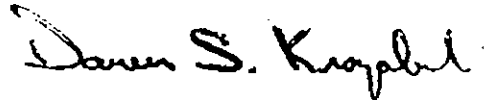
Our organization holds a lot of respect for the job our administrators, teachers and support staff do each and every day to benefit our students. Our Board continues to encourage quality programs for all of our students and continues to remain fiscally responsible.

There have never been more challenges facing school districts than there will be in the next few months. During these difficult times of tough state and federal economic issues, declining student enrollment, increased graduation requirements, and the highest number of special education programs in our state's history, I can't think of a better time than now to have such great leaders on our Board. While there may be changes in services that the District may provide in the future, the Board and administration will stand together with our communities to continue to keep the promise of our main focus on educational excellence for our children and their families regardless of the challenges facing us.

The PASD Board of Education and our entire staff of over 200 take tremendous pride in serving our students. This budget reflects a commitment to continuous improvement, collaboration and the most efficient, effective use of available resources.

We have accomplished much this past year and have met some challenges head on. We will continue to look for opportunities presented to us this year to collaborate and realign. While it will not be easy, with everyone's help, and maintaining our focus, we will be successful in our efforts.

Sincerely,



Darren S. Kroczaleski  
Superintendent of Schools