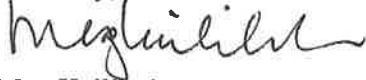


current and two subsequent years, meaning that **the district will cover the additional cost of the agreement with reserves.**

As always, we caution against spending down reserves for ongoing expenditures, and recommend the district work toward bringing projected expenditures in line with projected revenue. Reserves provide a safety net that allows districts to meet their obligations and acts as a buffer during economic downturns. If at any point it become apparent that the district will not be able to meet its fiscal obligations in any of the current or two subsequent years, the district will be required to provide the county office with a board approve spending reduction plan.

We value this opportunity to comment on your proposed agreement, and express our appreciation to your business office for their help and cooperation in this important process. If you have any questions, please feel free to call me at 467-5043.

Sincerely,



Meg Kailikole
Director Fiscal Services

cc: Warren Galletti, Superintendent - PASD
Catherine Chin, Business Manager - PASD
Damon Dickinson, Interim Superintendent of Schools - MCOE
Becky Jeffries, Assistant Superintendent, Business Services - MCOE