

**HARTLAND CONSOLIDATED SCHOOLS  
HARTLAND, MICHIGAN**

**2009-10 OPERATING, ATHLETIC,  
CAFETERIA,  
DEBT RETIREMENT, AND  
CAPITAL PROJECT BUDGETS**

Public Hearing: June 22, 2009

Budget Adoption: June 22, 2009

Hartland Consolidated Schools  
June 22, 2009

**2009-10 GENERAL FUND BUDGET MESSAGE**

For the statutory budget adoption required by June 30, 2009, Hartland Consolidated Schools is going to initially adopt a "continuing budget". In other words, we are adopting a budget for 2009/10 that is equal to the final amended budget for the 2008/09 school year. It is anticipated we will have at least two formal budget amendment processes prior to the end of the 2009/10 school year. We did adopt our 2007/08 and 2008/09 budgets using this same approach and believe it makes sense to do this again.

In making the decision to use this "continuing budget" format, we considered the following:

- The 2009/10 per pupil foundation allowance, even with the inclusion of federal stimulus dollars, is being debated in the legislature now and may not be known until September 2009 or later. Even with stimulus dollars, our best case appears to be no increase in the foundation allowance. There are also discussions that may result in fewer total dollars per pupil. The revenue from the foundation allowance represents a significant portion of our overall revenue budget.
- Key September enrollment numbers are not known in June, although we are assuming a net decrease of fifty (50) students. We do anticipate our largest new "schools of choice" enrollment for 2009/10 although we may still have a net loss in students. We are paid based on our enrollment.
- Hartland Schools' annual salary schedule increases are based on a formula that takes into account both the increase in enrollment and the increase (or decrease) in the per pupil foundation allowance. Salary-driven benefit costs of retirement rate and FICA are then based upon the salary increases. Salary, retirement costs and FICA represent 69% of the budget, thus with these being unstable, it certainly would devalue a budget adoption prepared in the typical format.

Four other factors were critical when the decision was made to use a "continuing budget" concept:

- 1) We are comfortable that we will, in fact, finish the 2008/09 budget year by increasing fund balance and are just as comfortable we will conclude the 2009/10 school year with a Fund Balance near 5% of expenditures.

- 2) We have already been informed on two significant expense items. The retirement rate we pay as a percentage of all salaries is, in fact, going to have a smaller increase than originally anticipated. Secondly, our expected increase in health care costs is approximately 3% versus the 5% we had projected previously.
- 3) The district has not planned any program changes for 2009/10 that would negatively affect our budget.

To conclude, after considering all factors noted above, we are presenting a "continuing budget" for 2009/10.

Because of funding problems at the state level over the past number of years, our school district, like most, has found itself in a position of either making significant expenditure reductions and/or finding revenue enhancements. As a district we have reduced specific program expenditures and increased fees in five of the past nine years:

2001/02	\$ 968,000	2004/05	\$ 729,300	2007/08	\$ -0-
2002/03	\$ -0-	2005/06	\$1,765,500	2008/09	\$ -0-
2003/04	\$ 475,000	2006/07	\$1,295,409	2009/10	\$ -0-

**As noted, we did not recommend formal budget reductions for 2009/10.** This was done primarily because we wanted to avoid additional program reductions if we could – and we felt we could. That does not mean we have not made adjustments in our expenditure planning. We have "frozen" all supply and purchased services accounts (utilities, fuel, etc. are examples where we could not do this). We are making every reasonable effort to not fill teaching positions vacant because of retirements or leaves of absence. At all times the efforts have been towards maintaining quality educational programs and opportunities, while at the same time being willing to make the tough budget decisions necessary to make that possible.

As we look to the future, school funding remains very unstable. Federal stimulus dollars that came to the State of Michigan for schools were originally thought to be sufficient to maintain our current "per pupil foundation allowance" through the 2010/11 school year. At the time of this budget message there seems to be no question there will be no stimulus money support for 2010/11 and 2009/10 may be in some jeopardy. The five year projections in this document suggests the district will, in fact, need to make additional (perhaps significant) expenditure reductions in the future years. Even though we have adopted a continuation budget, the five-year projection (see pages 13 and 14) does reflect what we believe is the most likely budget scenario for 2009/10.

On page 13 we have a projection that would be considered somewhat optimistic for the years 2010/11 – 2012/13. This assumes we maintain our current "per pupil foundation allowance" in 2010/11 and still must reduce expenditures by \$1,060,000 per year in order to have a fund balance of 2.05% of expenditures on June 30, 2013. The 2% target for Fund Balance was picked arbitrarily. The Board of Education does not currently have a "formal minimum" Fund Balance target.

On page 14 we have a projection that would be considered more conservative for the years 2010/11 – 2012/13. This assumes we have a reduction of \$300 in our "per pupil foundation allowance" in 2010/11, presumed necessary because federal stimulus dollars would no longer be available, and we must reduce expenditures by \$1,880,000 per year in order to have a fund balance of 2.06% of expenditures on June 30, 2013.

While the budget adoption at this point in time is for 2009/10, our focus this summer and beyond will be on finding solutions for the budget years to follow.

GENERAL FUND  
 DETAIL BUDGET PROJECTION  
 FOR FISCAL YEAR ENDING JUNE 30

	ACTUAL 2007-08	BUDGETED 2008-09	ESTIMATED 2009-10
=====			
REVENUES:			
Local Sources	8,118,034	7,581,439	7,581,439
County & LISD	0	0	0
State Sources	37,389,165	36,284,791	36,284,791
Federal Sources	270,361	2,684,688	2,684,688
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TOTAL REVENUES	45,777,560	46,550,918	46,550,918
Incoming Transfer & other Transactions	1,188,952	1,183,779	1,183,779
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TOTAL REVENUES, INCOMING TRANSFERS & OTHER TRANSACTIONS	46,966,512	47,734,697	47,734,697
EXPENDITURES:			
INSTRUCTION EXPENSE			
Basic Program	23,112,208	23,067,336	23,067,336
Added Needs	4,929,583	5,107,611	5,107,611
Adult and Continuing	0	0	0
SUPPORT SERVICES			
Pupil	867,586	888,295	888,295
Instructional Staff	1,707,917	1,825,709	1,825,709
General Administration	1,067,725	1,099,440	1,099,440
School Administration	2,714,322	2,724,970	2,724,970
Business	1,341,818	1,233,350	1,233,350
Maintenance/Operations	4,650,167	4,920,195	4,920,195
Transportation	2,407,518	2,477,417	2,477,417
Central	163,688	168,000	168,000
Other	106,618	108,421	108,421
COMMUNITY SERVICES	2,463,015	2,603,231	2,603,231
CAPITAL OUTLAY	157,468	202,700	202,700
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TOTAL EXPENDITURES	45,689,633	46,426,675	46,426,675
Outgoing transfers and Other Transactions	814,757	794,459	794,459
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TOTAL APPROPRIATED	46,504,390	47,221,134	47,221,134
EXCESS REV(APPROPRIATION)	462,122	513,563	513,563
FUND BALANCE, JULY 1	2,140,567	2,602,689	<b>3,116,252</b>
FUND BALANCE, JUNE 30	2,602,689	3,116,252	3,629,815

**CAFETERIA FUND DETAIL BUDGET PROJECTION  
FOR FISCAL YEAR ENDING JUNE 30**

	Actual 2007-08	Budgeted 2008-09	Estimated 2009-10
<b>REVENUES</b>			
Local sources	1,027,207	1,006,778	1,006,778
State sources	55,749	50,718	50,718
Federal sources	306,941	336,762	336,762
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Total revenues	1,389,897	1,394,258	1,394,258
Transfers & other	0	0	0
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<b>TOTAL REVENUES</b>	<b>1,389,897</b>	<b>1,394,258</b>	<b>1,394,258</b>
 <b>EXPENDITURES</b>			
Other support services:			
Salaries	465,334	463,513	463,513
Food	613,259	676,775	693,694
Supplies & other	109,718	96,365	98,775
Employee benefits	137,343	141,142	148,199
	-----	-----	-----
Total expenditures	1,325,654	1,377,795	1,404,181
Outgoing transfers	66,400	66,400	66,400
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<b>TOTAL APPROPRIATED</b>	<b>1,392,054</b>	<b>1,444,195</b>	<b>1,470,581</b>
Excess revenue (appropri.)	(2,157)	(49,937)	(76,323)
Fund balance July 1	266,010	263,853	213,916
Fund balance June 30	263,853	213,916	137,593

ATHLETIC FUND DETAIL BUDGET PROJECTION  
FOR FISCAL YEAR ENDING JUNE 30

	Actual 2007-08	Budgeted 2008-09	Estimated 2009-10
<b>REVENUES</b>			
Local Sources (gate)	140,881	142,900	142,900
Other local	135,769	146,600	146,600
<b>Total Revenues</b>	<b>276,650</b>	<b>289,500</b>	<b>289,500</b>
Incoming transfers	487,763	526,396	526,396
<b>TOTAL REVENUES &amp; INCOMING TRANSFERS</b>	<b>764,413</b>	<b>815,896</b>	<b>815,896</b>
<b>EXPENDITURES</b>			
Other support services			
Salaries	420,383	251,476	261,535
Employee Benefits	94,605	49,375	51,844
Contracted services	154,329	429,307	433,600
Equipment	29,975	29,880	29,880
Officials fees	32,976	36,715	36,898
Transportation	21,512	22,500	22,725
<b>Total expenditures</b>	<b>753,780</b>	<b>819,253</b>	<b>836,482</b>
Outgoing transfers	0	0	0
<b>TOTAL APPROPRIATED</b>	<b>753,780</b>	<b>819,253</b>	<b>836,482</b>
Excess revenue (appropriation)	10,633	(3,357)	(20,586)
Fund balance July 1	41,294	51,927	<b>48,570</b>
Fund balance June 30	51,927	48,570	27,984

DEBT FUND DETAIL BUDGET PROJECTION  
FOR FISCAL YEAR ENDING JUNE 30

	Actual 2007-08	Budgeted 2008-09	Estimated 2009-10
<b>REVENUES:</b>			
Property Tax Levy	9,332,525	9,334,887	9,100,416
Other Rev. from Local Sources	73,368	18,063	18,063
TOTAL REV FROM LOCAL	9,405,893	9,352,950	9,118,479
TOTAL REV FROM INTERMED.	0	0	0
TOTAL REVENUE FROM STATE	0	0	0
TOTAL REV FROM FEDERAL	0	0	0
TOTAL REVENUE	9,405,893	9,352,950	9,118,479
INCOMING TRANSFERS AND OTHER	3,887,137	3,695,411	3,871,365
TOTAL REVENUES, INCOMING TRANSFERS AND OTHER	13,293,030	13,048,361	12,989,844
<b>EXPENDITURES:</b>			
Redemption of Principal	6,621,000	6,924,000	7,212,000
Redemption of Energy Note	60,000	60,000	65,000
Interest on Debt	6,587,769	6,003,093	5,723,184
Interest on Energy Note	13,560	11,160	8,500
Interest on Bond Loan	0	0	0
Miscellaneous	19,048	11,875	11,875
TOTAL EXPENDITURES	13,301,377	13,010,128	13,020,559
OUTGOING TRANSFERS AND OTHER	0	0	0
TOTAL APPROPRIATED	13,301,377	13,010,128	13,020,559
EXCESS REVENUE (APPROPRIATION)	(8,347)	38,233	(30,715)
FUND BALANCE, JULY 1	750,461	742,114	780,347
FUND BALANCE, JUNE 30	742,114	780,347	749,632

## HARTLAND CONSOLIDATED SCHOOLS

CAPITAL PROJECTS DETAIL BUDGET PROJECTION  
FOR FISCAL YEAR ENDING JUNE 30

	Actual 2007-08	Budgeted 2008-09	Estimated 2009-10
=====			
REVENUES			
Sale of Bonds	0	0	0
Misc receipts	0	0	0
Interest on Investments	891,091	420,000	150,000
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Total Revenues	891,091	420,000	150,000
Incoming transfers	212,919	0	0
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TOTAL REVENUES	1,104,010	420,000	150,000
EXPENDITURES			
Remodeling & Renovation & New Construction	8,076,012	4,640,000	4,327,158
Equipment	3,158,879	290,000	250,000
Site Development	1,784,660	1,120,000	749,000
Miscellaneous	1,478,259	700,000	200,000
Arbitrage	0	0	149,000
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Total Expenditures	14,497,810	6,750,000	5,675,158
Outgoing transfers	0	0	981,760
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TOTAL EXPENDITURES	14,497,810	6,750,000	6,656,918
EXCESS REV(APPROPRIATION)	(13,393,800)	(6,330,000)	(6,506,918)
FUND BALANCE, JULY 1	26,822,378	13,428,578	<b>7,098,578</b>
FUND BALANCE, JUNE 30	13,428,578	7,098,578	591,660

**SUMMARY OF CAPITAL CONSTRUCTION PROJECT IN PROGRESS  
2009/10**

Project Description	Financing Source	Estimated Cost			Expend. to			Additional Estimated Operating Costs				
		Date Approved	Original Cost	Amend	Date*	2009/10	2010/11	2011/12	2009/10	2010/11	2011/12	
New high school, new elementary and retrofit existing high school	Bond Issue (77,195,000)	4/4/2006	84,743,827	88,980,314	87,600,554	1,379,760	0	0	Gen'l Fund	1,003,180	1,033,275	1,064,273
										Elem: H.S.: Retrofit old high school:	1,534,046	1,580,067
										<u>231,855</u>	<u>238,811</u>	<u>245,975</u>
										<u>2,769,081</u>	<u>2,852,153</u>	<u>2,937,717</u>
District-wide renovation bond including new buses, purchase of property and replacement of technology	Bond Issue (26,390,000)	11/7/2006	27,896,003	N/A	22,118,845	5,277,158	591,660	0	Gen'l Fund Village (A/C) Round (A/C)	26,522	27,318	28,138
										<u>26,522</u>	<u>27,318</u>	<u>28,138</u>
										<u>53,044</u>	<u>54,636</u>	<u>56,276</u>

Based on budgeted expenditures through June 30, 2009

Use some Fund Balance in 09/10  
 No reduction in foundation allowance in 09/10 or 10/11  
 Reduce expenses by \$1,060,000 each year for three years

**HARTLAND CONSOLIDATED SCHOOLS**

**Revenue and Expenditure Projection**

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Revenue</b>	46,966,512	47,734,697	47,092,372	46,947,000	47,613,000	48,383,000
<b>Expenditures</b>	46,504,390	47,221,134	47,885,205	47,701,580	48,076,950	48,496,063
<b>Excess Rev./(Expend)</b>	462,122	513,563	(792,833)	(754,580)	(463,950)	(113,063)
<b>Fund Balance July 1</b>	2,140,567	2,602,689	3,116,252	2,323,419	1,568,838	1,104,889
<b>Fund Balance June 30</b>	2,602,689	3,116,252	2,323,419	1,568,838	1,104,889	991,826
<b>Fund Balance Percent</b>	5.60%	6.60%	4.85%	3.29%	2.30%	2.05%
<b>Revenue increase</b>	0.97%	1.64%	-1.35%	-0.31%	1.42%	1.62%
<b>Expenditure increase</b>	2.06%	1.54%	1.41%	-0.38%	0.79%	0.87%
<b>Key percentage factors</b>						
Foundation inc.	1.3014%	1.4897%	0.0000%	0.0000%	2.0000%	2.0000%
Tch salary inc.	0.8147%	0.8938%	0.0000%	0.0000%	1.2000%	1.2000%
Tch salary % of foundation	62.60%	60.00%	#DIV/0!	#DIV/0!	60.00%	60.00%
Health ins Inc.	5.00%	3.10%	3.00%	6.50%	8.00%	8.00%
Retirement rate	16.72%	16.54%	16.94%	17.74%	18.64%	19.54%
<b>Key numerical factors</b>						
Foundation inc.	94.00	109.00	-	-	148.52	151.49
Blended count @25/75	5,646.68	5,620.89	5,574.01	5,542.76	5,510.26	5,486.51
Student inc. ("low" 01/09/09)	13.01	(41.67)	(50.00)	(25.00)	(35.00)	(20.00)
Curr. Change dollars	23,198	187,197	191,197	195,197	199,197	203,197
Technology dollars	6,040	0	0	0	0	0
Capital proj. dollars(maint./repair)	80,765	80,000	82,000	84,000	86,000	88,000
<b>Other significant items:</b>						
Open new school-fixed	-	-	-	-	-	-
Open new school-one time	-	-	-	-	-	-
Restore curriculum change dollars	-	-	-	-	-	-
Program reduction to keep minimal fund bal.	-	150,000	-	-	-	-
Add/Restore educational programs	-	-	-	-	-	-

Use some Fund Balance in 09/10  
 Reduce foundation allowance by \$300 per pupil in 10/11  
 Reduce expenses by \$1,880,000 each year for three years

HARTLAND CONSOLIDATED SCHOOLS

Revenue and Expenditure Projection

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	
Revenue	46,966,512	47,734,697	47,092,372	45,284,000	45,926,000	46,670,000	
Expenditures	46,504,390	47,221,134	47,885,205	46,881,580	46,411,960	45,961,063	
Excess Rev. /(Expend)	462,122	513,563	(792,833)	(1,597,580)	(485,960)	708,937	
Fund Balance July 1	2,140,567	2,602,689	3,116,252	2,323,419	725,838	239,889	
Fund Balance June 30	2,602,689	3,116,252	2,323,419	725,838	239,889	948,826	
Fund Balance Percent	5.60%	6.60%	4.85%	1.55%	0.52%	2.06%	
Revenue increase	0.97%	1.64%	-1.35%	-3.84%	1.42%	1.62%	
Expenditure increase	2.06%	1.54%	1.41%	-2.10%	-1.00%	-0.97%	
Key percentage factors							
	Foundation inc.	1.3014%	1.4897%	0.0000%	-4.0399%	2.0000%	2.0000%
	Tch salary inc.	0.8147%	0.8938%	0.0000%	0.0000%	1.2000%	1.2000%
	Tch salary % of foundation	62.60%	60.00%	#DIV/0!	0.00%	60.00%	60.00%
	Health ins Inc.	5.00%	3.10%	3.00%	6.50%	8.00%	8.00%
	Retirement rate	16.72%	16.54%	16.94%	17.74%	18.64%	19.54%
Key numerical factors							
	Foundation inc.	94.00	109.00	-	(300.00)	142.52	145.37
	Blended count @25/75	5,646.68	5,620.89	5,574.01	5,542.76	5,510.26	5,486.51
	Student inc. ("low" 01/09/09)	13.01	(41.67)	(50.00)	(25.00)	(35.00)	(20.00)
	Curr. Change dollars	23,198	187,197	191,197	195,197	199,197	203,197
	Technology dollars	6,040	0	0	0	0	0
	Capital proj. dollars.(maint./repair)	80,765	80,000	82,000	84,000	86,000	88,000
Other significant items:							
	Open new school-fixed	-	-	-	-	-	-
	Open new school-one time	-	-	-	-	-	-
	Restore curriculum change dollars	-	-	-	-	-	-
	Program reduction to keep minimal fund bal.	-	150,000	-	-	-	-
	Add/Restore educational programs	-	-	(1,880,000)	-	(1,880,000)	(1,880,000)