

**HARTLAND CONSOLIDATED SCHOOLS
HARTLAND, MICHIGAN**

**2010-11 OPERATING, ATHLETIC,
CAFETERIA,
DEBT RETIREMENT, AND
CAPITAL PROJECT BUDGETS**

Public Hearing: June 30, 2010

Budget Adoption: June 30, 2010

HARTLAND CONSOLIDATED SCHOOLS
HARTLAND, MICHIGAN

2010-11 GENERAL APPROPRIATIONS ACT

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Hartland Consolidated Schools
June 30, 2010

2010-11 GENERAL FUND BUDGET MESSAGE

For the statutory budget adoption required by June 30, 2010, Hartland Consolidated Schools is going to initially adopt a "continuing budget". In other words, we are adopting a budget for 2010/11 that is equal to the final amended budget for the 2009/10 school year. It is anticipated we will have at least two formal budget amendment processes prior to the end of the 2010/11 school year. We did adopt our 2007/08, 2008/09 and 2009/10 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 2010/11 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 2010 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-five (55) students. We do anticipate our largest new "schools of choice" enrollment for 2010/11 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 70% 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 2009/10 budget year and we will conclude the 2010/11 school year with a Fund Balance near of between 5% - 6% 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 increasing significantly from 16.94% of salary to 19.41% of salary and the current health care plan is increasing approximately 13%. While these are both significant increases, we do know what they are (as opposed to not knowing until later in the summer) and the concessions achieved through labor negotiations and operational changes made by the Board of Education will help cover those increased costs.
- 3) The district has not planned any program changes for 2010/11 that would negatively affect our budget.

To conclude, after considering all factors noted above, we are presenting a "continuing budget" for 2010/11.

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 six of the past ten years:

2001/02	\$ 968,000	2005/06	\$1,765,500
2003/04	\$ 475,000	2006/07	\$1,295,409
2004/05	\$ 729,300	2010/11	\$3,249,000 approx.

As referenced above, concessions and district operational changes will result in an estimated \$3,249,000 reduction in expected costs in 2010/11. The concessions through labor negotiations were significant and achieved primarily because of the employees recognizing the severity of the budget concerns during a time when the district is facing revenue declines (poor state economy and some declining enrollment) and continued increases in costs. In the years with no reductions that choice was made primarily because we wanted to avoid additional program reductions if we could – and we felt we could. Even in those years with no major reductions, that did not mean we have not made adjustments in our expenditure planning. Frequently we have "frozen" all supply and purchased services accounts (utilities, fuel, etc. are examples where we could not do this). Another example is 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 2011/12 school year. At the time of this budget message there will be only minimal stimulus money support for 2011/12 and there will be no stimulus help in 2012/13 or beyond. The four year projection 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 four year projection (see page 13) does reflect what we believe is the most likely budget scenario for 2010/11.**

The projection on page 13 assumes we will maintain our current "per pupil foundation" in 2010/11 – 2012/13, which along with some declining enrollment reflects an actual decline in revenue over the projection period. As the projection indicates, the district will need to make significant expenditure reductions prior to the start of the 2012/13 year if the revenue assumptions are accurate.

While the budget adoption at this point in time is for 2010/11, 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 2008-09	BUDGETED 2009-10	ESTIMATED 2010-11
=====			
REVENUES:			
Local Sources	7,695,189	7,650,596	7,650,596
County & LISD	0	0	0
State Sources	36,369,254	35,650,789	35,650,789
Federal Sources	2,736,394	2,493,127	2,493,127
	-----	-----	-----
TOTAL REVENUES	46,800,837	45,794,512	45,794,512
Incoming Transfer & other Transactions	1,178,745	974,855	974,855
	-----	-----	-----
TOTAL REVENUES, INCOMING TRANSFERS & OTHER TRANSACTIONS	47,979,582	46,769,367	46,769,367
EXPENDITURES:			
INSTRUCTION EXPENSE			
Basic Program	23,050,730	23,256,004	23,256,004
Added Needs	5,128,494	5,036,117	5,036,117
SUPPORT SERVICES			
Pupil	887,488	908,953	908,953
Instructional Staff	1,789,433	2,017,134	2,017,134
General Administration	1,117,212	1,154,156	1,154,156
School Administration	2,678,272	2,792,810	2,792,810
Business	1,213,187	1,123,945	1,123,945
Maintenance/Operations	4,957,212	5,051,264	5,051,264
Transportation	2,346,274	2,386,228	2,386,228
Central	175,486	172,568	172,568
Other	102,914	108,421	108,421
COMMUNITY SERVICES	2,769,714	2,745,258	2,745,258
CAPITAL OUTLAY	101,742	196,300	196,300
	-----	-----	-----
TOTAL EXPENDITURES	46,318,158	46,949,158	46,949,158
Outgoing transfers and Other Transactions	795,695	782,416	782,416
	-----	-----	-----
TOTAL APPROPRIATED	47,113,853	47,731,574	47,731,574
EXCESS REV(APPROPRIATION)	865,729	(962,207)	(962,207)
FUND BALANCE, JULY 1	2,602,689	3,468,418	2,506,211
FUND BALANCE, JUNE 30	3,468,418	2,506,211	1,544,004

GENERAL FUND
 DETAIL BUDGET PROJECTION
 FOR FISCAL YEAR ENDING JUNE 30

	ACTUAL 2008-09	BUDGETED 2009-10	ESTIMATED 2010-11	NET CHANGE Percent	NET CHANGE Dollars
REVENUES:					
Local Sources	7,695,189	7,650,596	7,650,596	0.00%	0
County & LISD	0	0	0		0
State Sources	36,369,254	35,650,789	35,650,789	0.00%	0
Federal Sources	2,736,394	2,493,127	2,493,127	0.00%	0
TOTAL REVENUES	46,800,837	45,794,512	45,794,512	0.00%	0
Incoming Transfer & other Transactions	1,178,745	974,855	974,855	0.00%	0
TOTAL REVENUES, INCOMING TRANSFERS & OTHER TRANSACTIONS	47,979,582	46,769,367	46,769,367	0.00%	0
EXPENDITURES:					
INSTRUCTION EXPENSE					
Basic Program	23,050,730	23,256,004	23,256,004	0.00%	0
Added Needs	5,128,494	5,036,117	5,036,117	0.00%	0
SUPPORT SERVICES					
Pupil	887,488	908,953	908,953	0.00%	0
Instructional Staff	1,789,433	2,017,134	2,017,134	0.00%	0
General Administration	1,117,212	1,154,156	1,154,156	0.00%	0
School Administration	2,678,272	2,792,810	2,792,810	0.00%	0
Business	1,213,187	1,123,945	1,123,945	0.00%	0
Maintenance/Operations	4,957,212	5,051,264	5,051,264	0.00%	0
Transportation	2,346,274	2,386,228	2,386,228	0.00%	0
Central	175,486	172,568	172,568	0.00%	0
Other	102,914	108,421	108,421	0.00%	0
COMMUNITY SERVICES	2,769,714	2,745,258	2,745,258	0.00%	0
CAPITAL OUTLAY	101,742	196,300	196,300	0.00%	0
TOTAL EXPENDITURES	46,318,158	46,949,158	46,949,158	0.00%	0
Outgoing transfers and Other Transactions	795,695	782,416	782,416	0.00%	0
TOTAL APPROPRIATED	47,113,853	47,731,574	47,731,574	0.00%	0
EXCESS REV(APPROPRIATION)	865,729	(962,207)	(962,207)	0%	0
FUND BALANCE, JULY 1	2,602,689	3,468,418	2,506,211		
FUND BALANCE, JUNE 30	3,468,418	2,506,211	1,544,004	-38.39%	-962,207

**HARTLAND SCHOOLS BUDGET SUMMARY
GENERAL FUND**

	Actual 2008/09 -----	Budget 2009/10 -----	Projection 2010/11 -----	Change From 09/10 -----
BASIC PROGRAMS				
salaries	15,621,328	15,760,070	15,760,070	0
fringes	6,631,617	6,630,094	6,630,094	0
purch.serv.	334,773	384,174	384,174	0
supplies	275,396	282,177	282,177	0
curriculum change	183,404	193,785	193,785	0
other	4,212	5,704	5,704	0
ADDED NEEDS				
salaries	3,143,027	3,169,482	3,169,482	0
fringes	1,530,932	1,552,001	1,552,001	0
purch.serv.	284,665	168,360	168,360	0
supplies	169,870	146,274	146,274	0
other	0	0	0	0
ADULT EDUCATION				
salaries	0	0	0	0
fringes	0	0	0	0
purch.serv.	0	0	0	0
supplies	0	0	0	0
other	0	0	0	0
INSTRUCTION	28,179,224	28,292,121	28,292,121	0
GUIDANCE				
salaries	601,780	619,751	619,751	0
fringes	231,926	236,342	236,342	0
purch.serv.	47,549	47,560	47,560	0
supplies	6,233	5,300	5,300	0
other	0	0	0	0
INST. SERVICES				
salaries	981,040	1,104,292	1,104,292	0
fringes	405,233	462,983	462,983	0
purch.serv.	248,953	261,101	261,101	0
supplies	154,207	188,758	188,758	0
curriculum change	0	0	0	0
other	0	0	0	0
GENERAL ADMIN.				
salaries	540,469	524,800	524,800	0
fringes	245,039	254,989	254,989	0
purch.serv.	303,540	347,867	347,867	0
supplies	16,129	15,000	15,000	0
other	12,035	11,500	11,500	0
SCHOOL ADMIN.				
salaries	1,713,248	1,734,305	1,734,305	0
fringes	760,708	803,696	803,696	0
purch.serv.	187,969	239,639	239,639	0
supplies	16,347	15,170	15,170	0
other	0	0	0	0
BUSINESS SERVICES				
salaries	350,735	351,449	351,449	0
fringes	154,895	160,332	160,332	0
purch.serv.	203,694	243,746	243,746	0
supplies	0	0	0	0
other	503,863	368,418	368,418	0

	Actual 2008/09 -----	Budget 2009/10 -----	Projection 2010/11 -----	Change From 09/10 -----
OPERATION AND MAINT.				
salaries	801,809	868,657	868,657	0
fringes	481,926	531,865	531,865	0
purch.serv.	3,363,227	3,392,742	3,392,742	0
supplies	310,250	258,000	258,000	0
other	0	0	0	0
TRANSPORTATION				
salaries	1,345,920	1,290,748	1,290,748	0
fringes	580,097	623,088	623,088	0
purch.serv.	72,537	91,392	91,392	0
supplies	347,720	381,000	381,000	0
other	0	0	0	0
CENTRAL SERVICES				
salaries	0	0	0	0
fringes	0	0	0	0
purch.serv.	168,313	165,368	165,368	0
supplies	7,173	7,200	7,200	0
other	0	0	0	0
OTHER				
salaries	82,870	85,286	85,286	0
fringes	20,044	23,135	23,135	0
purch.serv.	0	0	0	0
supplies	0	0	0	0
other	0	0	0	0
SUPP. SERV.				
	15,267,478	15,715,479	15,715,479	0
COMMUNITY SERVICES				
salaries	1,560,633	1,529,297	1,529,297	0
fringes	468,884	425,876	425,876	0
purch.serv.	467,114	540,220	540,220	0
supplies	270,995	248,565	248,565	0
other	2,088	1,300	1,300	0
CAPITAL OUTLAY				
technology	0	0	0	0
facilities	49,522	80,000	80,000	0
capital outlay	52,220	116,300	116,300	0
TRANSFER & OTHER				
athletic trans.	526,396	542,188	542,188	0
other	269,299	240,228	240,228	0
DISTRICT TOTAL				
	47,113,853	47,731,574	47,731,574	0
PERCENTAGE				
salaries	26,742,859	27,038,137	27,038,137	0
fringes	11,511,301	11,704,401	11,704,401	0
purch.serv.	5,682,334	5,882,169	5,882,169	0
supplies	1,757,724	1,741,229	1,741,229	0
other	522,198	386,922	386,922	0
capital outlay	101,742	196,300	196,300	0
trans. & other	795,695	782,416	782,416	0
	47,113,853	47,731,574	47,731,574	0
salaries	56.762%	56.646%	56.646%	
fringes	24.433%	24.521%	24.521%	
purch.serv.	12.061%	12.323%	12.323%	
supplies	3.731%	3.648%	3.648%	
other	1.108%	0.811%	0.811%	
capital outlay	0.216%	0.411%	0.411%	
trans. & other	1.689%	1.639%	1.639%	

CAFETERIA FUND DETAIL BUDGET PROJECTION
FOR FISCAL YEAR ENDING JUNE 30

	Actual 2008-09	Budgeted 2009-10	Estimated 2010-11
REVENUES			
Local sources	999,747	886,462	886,462
State sources	56,598	60,100	60,100
Federal sources	384,166	340,804	340,804
Total revenues	1,440,511	1,287,366	1,287,366
Transfers & other	0	0	0
TOTAL REVENUES	1,440,511	1,287,366	1,287,366
EXPENDITURES			
Other support services:			
Salaries	468,461	453,377	453,377
Food	658,514	536,774	550,193
Supplies & other	95,166	81,701	83,744
Employee benefits	140,767	145,969	153,267
Total expenditures	1,362,908	1,217,821	1,240,581
Outgoing transfers	66,400	66,400	66,400
TOTAL APPROPRIATED	1,429,308	1,284,221	1,306,981
Excess revenue (appropri.)	11,203	3,145	(19,615)
Fund balance July 1	263,853	275,056	278,201
Fund balance June 30	275,056	278,201	258,586

ATHLETIC FUND DETAIL BUDGET PROJECTION
FOR FISCAL YEAR ENDING JUNE 30

	Actual 2008-09	Budgeted 2009-10	Estimated 2010-11
REVENUES			
Local Sources (gate)	144,992	141,400	141,400
Other local	151,030	144,500	144,500
Total Revenues	296,022	285,900	285,900
Incoming transfers	526,396	542,188	542,188
TOTAL REVENUES & INCOMING TRANSFERS	822,418	828,088	828,088
EXPENDITURES			
Other support services			
Salaries	252,027	249,977	259,976
Employee Benefits	53,022	48,758	51,196
Contracted services	431,276	437,350	441,724
Equipment	22,933	32,500	32,500
Officials fees	35,849	38,700	38,853
Transportation	23,186	23,000	23,230
Total expenditures	818,293	830,285	847,479
Outgoing transfers	0	0	0
TOTAL APPROPRIATED	818,293	830,285	847,479
Excess revenue (appropriation)	4,125	(2,197)	(19,391)
Fund balance July 1	51,927	56,052	53,855
Fund balance June 30	56,052	53,855	34,464

DEBT FUND DETAIL BUDGET PROJECTION
FOR FISCAL YEAR ENDING JUNE 30

	Actual 2008-09	Budgeted 2009-10	Estimated 2010-11
REVENUES:			
Property Tax Levy	9,280,550	9,067,416	8,458,744
Other Rev. from Local Sources	13,155	18,063	8,400
TOTAL REV FROM LOCAL	9,293,705	9,085,479	8,467,144
TOTAL REV FROM INTERMED.	0	0	0
TOTAL REVENUE FROM STATE	0	0	0
TOTAL REV FROM FEDERAL	0	0	0
TOTAL REVENUE	9,293,705	9,085,479	8,467,144
INCOMING TRANSFERS AND OTHER	3,695,661	3,785,365	6,618,943
TOTAL REVENUES, INCOMING TRANSFERS AND OTHER	12,989,366	12,870,844	15,086,087
EXPENDITURES:			
Redemption of Principal	6,924,000	7,212,000	7,935,000
Redemption of Energy Note	60,000	65,000	65,000
Interest on Debt	6,003,091	5,723,184	7,041,737
Interest on Energy Note	11,160	8,500	6,800
Interest on Bond Loan	0	0	0
Miscellaneous	7,947	46,875	46,050
TOTAL EXPENDITURES	13,006,198	13,055,559	15,094,587
OUTGOING TRANSFERS AND OTHER	0	0	0
TOTAL APPROPRIATED	13,006,198	13,055,559	15,094,587
EXCESS REVENUE (APPROPRIATION)	(16,832)	(184,715)	(8,500)
FUND BALANCE, JULY 1	742,114	725,282	540,567
FUND BALANCE, JUNE 30	725,282	540,567	532,067

HARTLAND CONSOLIDATED SCHOOLS

CAPITAL PROJECTS DETAIL BUDGET PROJECTION
FOR FISCAL YEAR ENDING JUNE 30

	Actual 2008-09	Budgeted 2009-10	Estimated 2010-11
REVENUES			
Sale of Bonds	0	28,045,000	0
Misc receipts	0	0	0
Interest on Investments	419,697	180,000	150,000
Total Revenues	419,697	28,225,000	150,000
Incoming transfers	235,063	0	0
TOTAL REVENUES	654,760	28,225,000	150,000
EXPENDITURES			
Remodeling & Renovation & New Construction	4,292,331	2,438,501	825,100
Equipment	500,691	501,000	2,993,359
Site Development	1,136,651	774,080	1,076,600
Misc. (architect, constr. manager, other)	728,761	300,000	1,095,481
Arbitrage & bond costs	1,430	369,033	149,000
Total Expenditures	6,659,864	4,382,614	6,139,540
Outgoing transfers	235,063	0	961,025
TOTAL EXPENDITURES	6,894,927	4,382,614	7,100,565
EXCESS REV(APPROPRIATION)	(6,240,167)	23,842,386	(6,950,565)
FUND BALANCE, JULY 1	13,428,578	7,188,411	31,030,797
FUND BALANCE, JUNE 30	7,188,411	31,030,797	24,080,232

SUMMARY OF CAPITAL CONSTRUCTION PROJECT IN PROGRESS

2010/11

Project Description	Financing Source	Estimated Cost			Expend. to				Additional Estimated Operating Costs			
		Date Approved	Original Cost	Amend	Date*	2010/11	2011/12	2012/13	2010/11	2011/12	2012/13	
New high school, new elementary and retrofit existing high school	Bond Issue (77,195,000)	4/4/2000	84,743,827	88,977,608	87,867,583	1,110,025	0	0	Gen'l Fund	1,033,275	1,064,273	1,096,201
										Elem:	1,580,067	1,627,469
									Retrofit old high school:	238,811	245,975	253,354
										2,852,153	2,937,717	3,025,848
District-wide renovation. Also new buses, purchase of property and replacement of technology	Bond Issue (26,390,000)	11/7/2006	27,896,003	28,151,151	25,404,837	1,392,069	933,068	421,177	Gen'l Fund	27,318	28,138	28,982
										Village (A/C)	27,318	28,138
									Round (A/C)	54,636	56,276	57,964
District-wide renovation. Also new buses, purchase of equipment, replacement technology and lighting.	Bond Issue (28,045,000)	2/23/2010	28,045,000	N/A	266,000	4,598,471	10,639,215	9,782,914	Gen'l Fund (net)	0	0	0

Based on budgeted expenditures through June 30, 2010

Assume no foundation reduction or increase for 2010/11 - 2012/13
 Assume concessions & operational changes of approx. \$3,249,000 in 2010/11

HARTLAND CONSOLIDATED SCHOOLS

Revenue and Expenditure Projection

	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue	47,979,582	46,769,367	46,469,000	45,788,000	45,438,000
Expenditures	47,113,853	47,731,574	46,130,124	47,181,103	48,462,021
Excess Rev. /(Expend)	865,729	(962,207)	338,876	(1,393,103)	(3,024,021)
Fund Balance July 1	2,602,689	3,468,418	2,506,211	2,845,087	1,451,984
Fund Balance June 30	3,468,418	2,506,211	2,845,087	1,451,984	(1,572,036)
Fund Balance Percent	7.36%	5.25%	6.17%	3.08%	-3.24%
Revenue increase	2.16%	-2.52%	-0.64%	-1.47%	-0.76%
Expenditure increase	1.31%	1.31%	-3.36%	2.28%	2.71%
Key percentage factors					
	Foundation inc.	-2.2219%	0.0000%	0.0000%	0.0000%
	Tch salary inc.	0.8938%	0.0000%	0.0000%	0.0000%
	Tch salary % of foundation	60.00%	0.00%	#DIV/0!	#DIV/0!
	Health ins Inc.	3.10%	3.00%	13.00%	8.00%
	Retirement rate	16.54%	16.94%	19.41%	20.41%
Key numerical factors					
	Foundation inc.	109.00	(165.00)	-	-
	Blended count @25/75	5,620.89	5,561.68	5,500.85	5,374.59
	Student inc. ("low" 10/12/09)	(41.67)	(67.17)	(55.00)	(57.00)
	Curr. Change dollars	183,404	193,785	197,785	355,785
	Technology dollars	0	0	0	0
	Capital proj. dollars(maint./repair)	49,522	80,000	82,000	84,000

Other significant items:

- Open new school-fixed
- Open new school-one time
- Restore/(reduce) curriculum change dollars
- Program reduction to keep minimal fund bal.
- Add/Restore educational programs

150,000	-	-	(150,000)	150,000
-	-	-	(3,249,000)	-