

**HARTLAND CONSOLIDATED SCHOOLS  
HARTLAND, MICHIGAN**

**2008-09 OPERATING, ATHLETIC,  
CAFETERIA,  
DEBT RETIREMENT, AND  
CAPITAL PROJECT BUDGETS**

Public Hearing: June 30, 2008

Budget Adoption: June 30, 2008

Hartland Consolidated Schools  
June 30, 2008

**2008-09 GENERAL FUND BUDGET MESSAGE**

For the statutory budget adoption required by June 30, 2008, Hartland Consolidated Schools is going to initially adopt a "continuing budget". In other words, we are adopting a budget for 2008/09 that is equal to the final amended budget for the 2007/08 school year. It is anticipated we will have at least two formal budget amendment processes prior to the end of the 2008/09 school year. We did adopt our 2007/08 budget 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 2008/09 per pupil foundation allowance is being debated in the legislature now and may not be known until September 2008 or later. Estimates for an increase in the foundation allowance have ranged from \$216 per pupil in January to \$110 per pupil or less in more recent discussions. 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 smaller net increase than in recent years. In fact, we are anticipating no enrollment growth. We are paid based on our enrollment.
- Hartland Schools annual salary schedule increases are based on a formula which 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 present 69% of the budget, thus with these being unusually 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 we will, in fact, finish the 2007/08 budget year by increasing fund balance and are just as comfortable we will have a satisfactory 2008/09 school year from a financial standpoint. For example, even with a lower foundation allowance than hoped for any revenue "hit" will be softened by the salary formula which will in turn be very low and could in some circumstance be a 0% increase.

- 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 be less than in 2007/08. Secondly, our expected increase in health care costs is approximately 3.1% versus the 5% we had projected previously.
- 3) The district has not planned any program changes for 2008/09 that would negatively affect our budget.

To conclude, after considering all factors noted above, we are presenting a "continuing budget" for 2008/09.

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 eight years:

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

**As noted, we did not recommend budget reductions for 2008/09.** This was done primarily because we wanted to avoid additional program reductions if we could – and we felt we could. Secondly, we felt the organization needed, if possible, an "off year" from the difficult budget reduction process in order to focus solely on providing quality education to our students. 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. The five year projection in this document suggests the district will, in fact, likely need to make additional expenditure reductions in the future years. Even though we have adopted a continuation budget, the five-year projection (see page 13) does reflect what we believe is the most likely budget scenario for 2008/09 and beyond.

GENERAL FUND  
 DETAIL BUDGET PROJECTION  
 FOR FISCAL YEAR ENDING JUNE 30

	ACTUAL 2006-07	BUDGETED 2007-08	ESTIMATED 2008-09
<b>REVENUES:</b>			
Local Sources	8,199,514	8,269,719	8,269,719
County & LISD	0	0	0
State Sources	36,728,581	37,306,339	37,306,339
Federal Sources	201,731	423,936	423,936
<b>TOTAL REVENUES</b>	<b>45,129,826</b>	<b>45,999,994</b>	<b>45,999,994</b>
Incoming Transfer & other Transactions	1,387,218	1,215,380	1,215,380
<b>TOTAL REVENUES, INCOMING TRANSFERS &amp; OTHER TRANSACTIONS</b>	<b>46,517,044</b>	<b>47,215,374</b>	<b>47,215,374</b>
<b>EXPENDITURES:</b>			
<b>INSTRUCTION EXPENSE</b>			
Basic Program	22,125,522	23,147,994	23,147,994
Added Needs	4,899,073	4,925,942	4,925,942
Adult and Continuing	0	0	0
<b>SUPPORT SERVICES</b>			
Pupil	826,416	876,669	876,669
Instructional Staff	1,593,597	1,750,089	1,750,089
General Administration	1,062,782	1,106,705	1,106,705
School Administration	2,673,171	2,720,329	2,720,329
Business	1,430,384	1,365,721	1,365,721
Maintenance/Operations	4,748,635	4,821,788	4,821,788
Transportation	2,339,040	2,531,409	2,531,409
Central	187,772	156,060	156,060
Other	107,625	108,421	108,421
<b>COMMUNITY SERVICES</b>	<b>2,329,189</b>	<b>2,442,968</b>	<b>2,442,968</b>
<b>CAPITAL OUTLAY</b>	<b>376,894</b>	<b>242,861</b>	<b>242,861</b>
<b>TOTAL EXPENDITURES</b>	<b>44,700,100</b>	<b>46,196,956</b>	<b>46,196,956</b>
Outgoing transfers and Other Transactions	863,642	815,315	815,315
<b>TOTAL APPROPRIATED</b>	<b>45,563,742</b>	<b>47,012,271</b>	<b>47,012,271</b>
<b>EXCESS REV.(APPROPRIATION)</b>	<b>953,302</b>	<b>203,103</b>	<b>203,103</b>
<b>FUND BALANCE, JULY 1</b>	<b>1,187,265</b>	<b>2,140,567</b>	<b>2,343,670</b>
<b>FUND BALANCE, JUNE 30</b>	<b>2,140,567</b>	<b>2,343,670</b>	<b>2,546,773</b>

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

	Actual 2006-07	Budgeted 2007-08	Estimated 2008-09
<b>REVENUES</b>			
Local sources	1,132,655	1,066,802	1,066,802
State sources	48,349	50,718	50,718
Federal sources	201,069	244,358	244,358
<b>Total revenues</b>	<b>1,382,073</b>	<b>1,361,878</b>	<b>1,361,878</b>
Transfers & other	0	0	0
<b>TOTAL REVENUES</b>	<b>1,382,073</b>	<b>1,361,878</b>	<b>1,361,878</b>
<b>EXPENDITURES</b>			
Other support services:			
Salaries	446,160	448,411	455,137
Food	568,848	653,262	669,594
Supplies & other	85,514	125,666	128,808
Employee benefits	135,668	143,048	143,048
<b>Total expenditures</b>	<b>1,236,190</b>	<b>1,370,387</b>	<b>1,396,587</b>
Outgoing transfers	66,400	66,400	66,400
<b>TOTAL APPROPRIATED</b>	<b>1,302,590</b>	<b>1,436,787</b>	<b>1,462,987</b>
Excess revenue (appropri.)	79,483	-74,909	-101,109
Fund balance July 1	186,527	266,010	191,101
Fund balance June 30	266,010	191,101	89,992

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

	Actual 2006-07	Budgeted 2007-08	Estimated 2008-09
<b>REVENUES</b>			
Local Sources (gate)	142,839	138,200	143,200
Other local	128,665	132,600	132,600
<b>Total Revenues</b>	<b>271,504</b>	<b>270,800</b>	<b>275,800</b>
Incoming transfers	473,556	487,763	487,763
<b>TOTAL REVENUES &amp; INCOMING TRANSFERS</b>	<b>745,060</b>	<b>758,563</b>	<b>763,563</b>
<b>EXPENDITURES</b>			
Other support services			
Salaries	356,361	423,725	424,318
Employee Benefits	90,443	91,593	93,425
Contracted services	186,049	167,415	171,600
Equipment	31,299	34,296	35,153
Officials fees	27,619	30,830	31,601
Transportation	24,435	25,000	25,626
<b>Total expenditures</b>	<b>716,206</b>	<b>772,859</b>	<b>781,723</b>
Outgoing transfers	0	0	0
<b>TOTAL APPROPRIATED</b>	<b>716,206</b>	<b>772,859</b>	<b>781,723</b>
Excess revenue (appropriation)	28,854	-14,296	-18,160
Fund balance July 1	12,440	41,294	26,998
Fund balance June 30	41,294	<b>26,998</b>	8,838

DEBT FUND DETAIL BUDGET PROJECTION  
FOR FISCAL YEAR ENDING JUNE 30

	Actual 2006-07	Budgeted 2007-08	Estimated 2008-09
<b>REVENUES:</b>			
Property Tax Levy	8,868,694	9,326,999	9,336,167
Other Rev. from Local Sources	136,296	51,100	67,005
TOTAL REV FROM LOCAL	9,004,990	9,378,099	9,403,172
TOTAL REV FROM INTERMED.	0	0	0
TOTAL REVENUE FROM STATE	0	0	0
TOTAL REV FROM FEDERAL	0	0	0
<b>TOTAL REVENUE</b>	<b>9,004,990</b>	<b>9,378,099</b>	<b>9,403,172</b>
<b>INCOMING TRANSFERS AND OTHER</b>	<b>2,417,118</b>	<b>3,886,677</b>	<b>3,765,030</b>
<b>TOTAL REVENUES, INCOMING TRANSFERS AND OTHER</b>	<b>11,422,108</b>	<b>13,264,776</b>	<b>13,168,202</b>
<b>EXPENDITURES:</b>			
Redemption of Principal	5,846,000	6,621,000	7,016,720
Redemption of Energy Note	55,000	60,000	60,000
Interest on Debt	5,400,440	6,587,770	6,013,093
Interest on Energy Note	15,760	12,800	11,360
Interest on Bond Loan	0	0	0
Miscellaneous	78,237	22,225	19,225
<b>TOTAL EXPENDITURES</b>	<b>11,395,437</b>	<b>13,303,795</b>	<b>13,120,398</b>
<b>OUTGOING TRANSFERS AND OTHER</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL APPROPRIATED</b>	<b>11,395,437</b>	<b>13,303,795</b>	<b>13,120,398</b>
<b>EXCESS REVENUE (APPROPRIATION)</b>	<b>26,671</b>	<b>-39,019</b>	<b>47,804</b>
<b>FUND BALANCE, JULY 1</b>	<b>723,790</b>	<b>750,461</b>	<b>711,442</b>
<b>FUND BALANCE, JUNE 30</b>	<b>750,461</b>	<b>711,442</b>	<b>759,246</b>

HARTLAND CONSOLIDATED SCHOOLS

CAPITAL PROJECTS DETAIL BUDGET PROJECTION  
FOR FISCAL YEAR ENDING JUNE 30

	Actual 2006-07	Budgeted 2007-08	Estimated 2008-09
<b>REVENUES</b>			
Sale of Bonds	0	0	0
Misc receipts	0	0	0
Interest on Investments	632,141	860,000	150,000
<b>Total Revenues</b>	<b>632,141</b>	<b>860,000</b>	<b>150,000</b>
Incoming transfers	26,390,000	0	0
<b>TOTAL REVENUES</b>	<b>27,022,141</b>	<b>860,000</b>	<b>150,000</b>
<b>EXPENDITURES</b>			
Remodeling & Renovation & New Construction	334,315	6,969,247	7,588,754
Equipment	452,447	3,223,058	500,000
Site Development	203,443	1,939,000	1,000,000
Miscellaneous	1,322,533	1,200,000	500,000
Arbitrage	0	0	209,000
<b>Total Expenditures</b>	<b>2,312,738</b>	<b>13,331,305</b>	<b>9,797,754</b>
Outgoing transfers	0	0	591,000
<b>TOTAL EXPENDITURES</b>	<b>2,312,738</b>	<b>13,331,305</b>	<b>10,388,754</b>
<b>EXCESS REV(APPROPRIATION)</b>	<b>24,709,403</b>	<b>-12,471,305</b>	<b>-10,238,754</b>
<b>FUND BALANCE, JULY 1</b>	<b>2,112,975</b>	<b>26,822,378</b>	<b>14,351,073</b>
<b>FUND BALANCE, JUNE 30</b>	<b>26,822,378</b>	<b>14,351,073</b>	<b>4,112,319</b>

**SUMMARY OF CAPITAL CONSTRUCTION PROJECT IN PROGRESS**  
**2008/09**

Project Description	Financing Source	Estimated Cost			Expend. to				Additional Estimated Operating Costs			
		Date Approved	Original Cost	Amend	Date*	2008/09	2009/10	2010/11	2008-09	2009-10	2010/11	
New high school, new elementary and retrofit existing high school	Bond Issue (77,195,000)	4/4/2000	84,743,827	88,807,813	87,307,813	1,500,000	0	0	Gen'l Fund	973,961	1,003,180	1,033,275
									Elem:	1,489,365	1,534,046	1,580,067
									H.S.:			
									Retrofit old high school:	225,102	231,855	238,811
										2,688,428	2,769,081	2,852,153
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	14,495,080	8,888,754	3,862,403	649,766	Gen'l Fund Village (A/C) Round (A/C)	25,750	26,522	27,318
										25,750	26,522	27,318
										51,500	53,044	54,636

\* Based on budgeted expenditures through June 30, 2008

# HARTLAND CONSOLIDATED SCHOOLS

## Revenue and Expenditure Projection

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue	47,215,374	47,550,000	48,473,000	49,547,000	50,549,000	51,761,000
Expenditures	47,012,271	47,588,220	48,584,756	49,829,456	50,909,495	52,266,478
Excess Rev./(Expend)	203,103	(38,220)	(111,756)	(282,456)	(360,495)	(505,478)
Fund Balance July 1	2,140,567	2,343,670	2,305,450	2,193,694	1,911,238	1,550,743
Fund Balance June 30	2,343,670	2,305,450	2,193,694	1,911,238	1,550,743	1,045,266
Fund Balance Percent	4.99%	4.84%	4.52%	3.84%	3.05%	2.00%
Revenue increase	1.50%	0.71%	1.94%	2.22%	2.02%	2.40%
Expenditure increase	3.18%	1.23%	2.09%	2.56%	2.17%	2.67%
Key percentage factors						
Foundation inc.	1.3014%	1.5033%	2.0000%	2.0000%	2.0000%	2.0000%
Tch salary inc.	0.8147%	0.9020%	1.2000%	1.3000%	1.2000%	1.3400%
Tch salary % of foundation	62.60%	60.00%	60.00%	65.00%	60.00%	67.00%
Health ins Inc.	5.00%	3.10%	9.00%	9.00%	9.00%	9.00%
Retirement rate	16.72%	16.54%	17.34%	18.24%	19.14%	20.04%
Key numerical factors						
Foundation inc.	94.00	110.00	148.54	151.51	154.54	157.63
Blended count @25/75	5,646.68	5,651.64	5,653.18	5,671.93	5,678.18	5,704.43
Student inc.(mid-range 12/07/07)	13.01	-	-	25.00	-	35.00
Curr. Change dollars	23,198	173,198	176,198	179,198	182,198	185,198
Technology dollars	6,040	6,040	6,040	6,040	6,040	6,040
Capital proj. dollars(maint./repair)	80,765	132,765	135,765	138,765	141,765	145,765
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	-	-	(500,000)	(500,000)	(500,000)	(500,000)