

HARTLAND CONSOLIDATED SCHOOLS

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To: Hartland Board of Education
From: Scott Bacon/Rachel Bois
Re: 2019/20 Budget Adoption
Date: June 17, 2019

Attached you will find a budget document to be reviewed and presented at our upcoming school board meeting on Monday, June 24, 2019. The attached document attempts to present the budget and projections as follows:

- Review overall budget assumptions affecting a number of revenue and expenditure categories and in some cases affecting multiple funds.
- Present a Fund Balance page that allows the reader a quick, easy reference to where we stand currently in each fund and how we expect (in monetary terms) for that to change by the end of 2019/20.
- Present the General Fund as required by law – 2017/18 actual, 2018/19 budget and 2019/20 projection – showing revenues by specific sources and expenditures by “program” assignment. A definition sheet is provided for the program categories. There are also specific notations directing the reader to additional explanations. We also provide a further breakdown of each of the program sections shown by the type of expenditures within the “programs” (salaries, benefits, supplies, etc.).
- Present each of the other funds (Athletic, Cafeteria, Debt, Capital Projects, Sinking Fund and the newly established Student Activity Fund) and include specific notations directing the reader, if interested, to specific explanations.
- Finally, present a projection of the General Fund for a total of three years beyond the current year in order for the reader to get a perspective of our financial outlook at least a bit into the future.

Please feel free to contact us with any questions.

Hartland Consolidated Schools

District Wide Budgetary Information

Fiscal Year Ending

June 30, 2020

(7/1/2019 – 6/30/2020)



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**HARTLAND CONSOLIDATED SCHOOLS - BUDGET DEVELOPMENT ASSUMPTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Revenue Assumptions & Proposed Budgets

Property Tax Revenue

The commercial and residential real estate markets across the county are expected to improve resulting in increased tax revenues. The District’s tax base is comprised of 80% homestead and 20% non-homestead taxable value classification property. Below are the property tax revenue expectations by fund for fiscal year 2018-19:

	<u>FY 2018-19</u>	<u>FY 2019-20</u>	<u>Change</u>
General Fund	4,531,161	4,801,713	270,552
Debt Service Fund	10,246,617	10,894,904	648,287
Capital Projects - Sinking Fund	<u>631,992</u>	<u>668,512</u>	<u>36,520</u>
	15,409,770	16,365,129	955,359

Other Local Revenue

In addition to property taxes, local revenue consists of all operating revenue received from sources other than the state, federal government, or the ISD. This includes revenue from community education programs, rental of school facilities and pay to participate (General Fund), breakfast and lunch sales (Cafeteria Fund), admissions to athletic events (Athletics Fund), and interest earnings. For more specific detail, please review the individual fund budget documents.

State Revenue

For the first time in several years, the state has not yet adopted its School Aid budget in time for the District to use an exact foundation allowance when preparing the initial General Fund budget. Therefore, assumptions were made using the best information we currently have available. Currently, we have contemplated a foundation allowance increase of \$220 and a loss of 36 students. Adjustments have been made to certain categorical funding, including a decrease of \$63K in the special ed categorical, a decrease of \$309K related to the elimination of the retirement categorical, and a decrease of \$82K for the Early Literacy and School Safety grants not expected to continue into 2019/20. Offsetting expenditures related to the Early Literacy and School Safety grants were also eliminated. The remaining state categorical funding is expected to remain consistent with prior year.

Cafeteria Fund state revenue represents the categorical funding allocated to districts for providing breakfast and lunch programs. Debt Service Fund state revenue represents expected reimbursement from the Small Taxpayer Exemption Loss. Revenue budget adjustments will be made after adoption reflecting final state budget figures via the amendment process. The chart below identifies in dollars, by fund, the expectations contained in this budget document:

	<u>FY 2018-19</u>	<u>FY 2019-20</u>	<u>Change</u>
General Fund	44,975,358	45,112,786	137,428
Cafeteria Fund	70,688	70,688	-
Debt Service Fund	<u>65,179</u>	<u>65,179</u>	<u>-</u>
	45,111,225	45,248,653	137,428

Federal Revenue

Federal revenue has been adjusted to reflect our expected grant awards in 2019/20. The decrease in General Fund federal revenues is due to an overall reduction in Title funds allocated to the District in 2019/20. Revenue budget adjustments will be made after adoption reflecting final federal budget figures via the amendment process. The chart below identifies in dollars, by fund, the expectations contained in this budget document:

	<u>FY 2018-19</u>	<u>FY 2019-20</u>	<u>Change</u>
General Fund	315,448	246,971	(68,477)
Cafeteria Fund	584,070	597,938	13,868
Debt Service Fund	<u>661,228</u>	<u>661,228</u>	<u>-</u>
	1,560,746	1,506,137	(54,609)

Other Revenue

Other revenue consists of ISD Revenue, Other Revenue, and Other Financing Sources.

ISD Revenue received from Livingston Educational Service Agency (“LESA”) includes operating support and Medicaid funding for special education programs as well as funding for vocational education programs.

Other Revenue represents transfers received from entities within the district not separately identified in the funds (i.e., the Senior Center and Trust & Activity accounts).

	<u>FY 2018-19</u>	<u>FY 2019-20</u>	<u>Change</u>
General Fund - LESA	2,829,167	2,803,658	(25,509)
General Fund - Other	<u>84,721</u>	<u>83,221</u>	<u>(1,500)</u>
	2,913,888	2,886,879	(27,009)

Other financing source revenue is presented in the following table, and represents the “non-operating” revenue of the district.

The General Fund other financing sources consist of the operating transfer received from the Cafeteria Fund to cover a portion of overhead costs, as well as proceeds from the sale of school busses and from the loan proceeds associated with the purchase of new school busses. The significant increase in the General Fund is due to the additional proceeds expected from bus

loan financing and the sale of existing buses and school vehicles. The district intends to purchase a total of 10 buses in 2019/20 (which is an increase of 3 from 2018/19).

Athletics Fund other financing sources represents the operating transfer received from the General Fund. The Debt Fund other financing sources includes proceeds from the School Bond Loan/Revolving Fund to provide funding to meet the District's current debt service requirements.

	<u>FY 2018-19</u>	<u>FY 2019-20</u>	<u>Change</u>
General Fund	772,683	1,125,888	353,205
Athletics Fund	773,160	795,499	22,339
Debt Service Fund	<u>11,716,370</u>	<u>11,059,602</u>	<u>(656,768)</u>
	13,262,213	12,980,989	(281,224)

Expenditure Assumptions & Proposed Budgets

Salaries and Wages

Salaries and wages comprise the single largest expenditure category for the district. Salaries have been adjusted to account for anticipated step increases, lane changes, and longevity increases, as well as for the net effect of replacing retiring staff and any new contract terms that will take effect beginning in the 2019/20 school year. Salary budget adjustments will be made after adoption reflecting the final staffing roster and will be addressed through the budget amendment process.

	<u>FY 2018-19</u>	<u>FY 2019-20</u>	<u>Change</u>
General Fund	27,758,610	27,921,881	163,271
Athletics Fund	263,656	271,668	8,012
Cafeteria Fund	<u>550,413</u>	<u>567,841</u>	<u>17,428</u>
	28,572,679	28,761,390	188,711

Staffing Changes

The proposed budget contemplates 1 less teaching position as well as using 1 more salaried teacher instead of a permanent sub. The district also intends to hire, at district expense, 2.4 FTE social workers. Combined with staffing resources provided by LESA, this will allow for a social worker in each building. This expense is budgeted in the “purchased services” category, as these social workers will be contracted through LESA.

MPSERS Retirement Costs

The district pays, with some exceptions, an estimated \$27 in base retirement costs for every \$100 of wages paid to our employees. The average retirement rate budgeted for fiscal year 2019/20 is 27.17%, which is a slight increase from the 2018/19 average rate of 26.03%. The change in the MPSERS rate has been reflected in the district’s fiscal year 2019/20 operating costs.

For fiscal year 2019/20, it is anticipated that the Legislature will continue funding the section 147c MPSERS rate stabilization categorical (“UAAL”). The district receives revenue from this categorical and then immediately remits the amount to the Office of Retirement Services in a pass-through process. The revenue and expenditure budgets of the General Fund, Athletics Fund, and Cafeteria Fund are “grossed up” by this process and the costs are embedded at all functional levels. The effective UAAL rate is 11.98% of salaries in 2019/20, compared to 11.67% in 2018/19.

FICA Costs

The district pays \$7.65 in FICA payroll taxes (Medicaid of 1.45% plus social security of 6.2%) for every \$100 of wages paid our employees. The individual applicable salary base upon which the Social Security element of the FICA payroll tax is levied is capped at a specific IRS determined earnings level on a calendar year basis. The calendar year 2019 wage cap is \$132,900. The budgeted FICA rate remains at 7.65% for 2019/20.

Summary Employee Benefits Costs

The district incurs fringe benefits costs which include MPSERS retirement (including UAAL), FICA, healthcare, dental, vision, long term disability, life, unemployment and workers compensation insurances. Employees are also required to contribute towards healthcare, retirement, and FICA. As noted under the “MPSERS Retirement Costs” section above, UAAL costs are offset by state categorical revenue. Below is a summary chart depicting the district’s share of these fringe benefit costs:

	<u>FY 2018-19</u>	<u>FY 2019-20</u>	<u>Change</u>
General Fund	16,336,214	16,653,254	317,040
Athletics Fund	129,914	132,987	3,073
Cafeteria Fund	<u>283,113</u>	<u>304,136</u>	<u>21,023</u>
	16,749,241	17,090,377	341,136

Purchased Services/Supplies

The district has budgeted a small inflationary increase for its various contracted services and supplies accounts. For more specific detail, please reference the individual proposed budget documents.

Capital Outlay

The district’s budgeted capital outlay is outlined in the table below. Resources are needed within the General, Athletics and Cafeteria Funds to upgrade facilities and equipment. The significant increase budgeted on the General Fund – Equipment line reflects the cost of 10 new buses (3 more than in 2018/19).

A majority of the Capital Projects Fund expenditures represent anticipated technology upgrades using the proceeds remaining from the 2010 bond issue. It is expected the bond proceeds will be fully spent at the end of 2019/20. Capital Projects Fund – Sinking Fund expenditures are for district-wide facilities upgrades made possible from the successful passing of the Sinking Fund election in May 2017.

	<u>FY 2018-19</u>	<u>FY 2019-20</u>	<u>Change</u>
General Fund - Facilities	332,000	420,000	88,000
General Fund - Equipment	931,766	1,257,761	325,995
Athletics Fund	41,403	51,000	9,597
Cafeteria Fund	79,000	50,000	(29,000)
Capital Projects Fund - 2010 Bond	289,361	209,139	(80,222)
Capital Projects Fund - Sinking Fund	<u>697,137</u>	<u>316,142</u>	<u>(380,995)</u>
	2,370,667	2,304,042	(66,625)

Other Financing Uses

Other financing uses, which is outlined in the following chart, represents the “non-operating” expenditures of the district. The General Fund other financing uses represents the transfer made to the Athletics Fund to cover operations. The transfer amount is partially offset by approximately \$239K of revenue from the district’s “Pay to Play” program, which is collected by the General Fund. The Cafeteria Fund other financing uses represents the transfer made to the General Fund to cover indirect costs.

	<u>FY 2018-19</u>	<u>FY 2019-20</u>	<u>Change</u>
General Fund	773,160	795,499	22,339
Cafeteria Fund	<u>24,545</u>	<u>24,545</u>	-
	797,705	820,044	22,339

Debt Service Expenditures

General Fund debt service consists of principal and interest payments owed on the district’s various bus loans. For Debt Service Fund details please reference the specific fund budget documents. Below is the combined debt service budgeted expenditures:

	<u>FY 2018-19</u>	<u>FY 2019-20</u>	<u>Change</u>
General Fund - Principal	427,379	549,998	122,619
General Fund - Interest	30,066	40,489	10,423
Debt Service Fund - Principal	17,125,000	17,555,000	430,000
Debt Service Fund - Interest	<u>4,656,193</u>	<u>4,252,570</u>	<u>(403,623)</u>
	22,238,638	22,398,057	159,419

Fund Balance Assumptions

The comparative fund equity schedules of the various funds of the district are highlighted below based on our assumptions for fiscal years 2018/19 and 2019/20:

<u>General Fund</u>	<u>FY 2018-19</u>	<u>FY 2019-20</u>	<u>Change</u>
Beginning fund balance	5,317,694	6,016,410	698,716
Operating surplus/(deficit)	<u>698,716</u>	<u>(504,748)</u>	<u>(1,203,464)</u>
Ending fund balance	6,016,410	5,511,662	(504,748)
Fund balance as a % of expenditures	10.71%	9.47%	

<u>Athletics Fund</u>	<u>FY 2018-19</u>	<u>FY 2019-20</u>	<u>Change</u>
Beginning fund balance	198,631	186,369	(12,262)
Operating surplus/(deficit)	<u>(12,262)</u>	<u>(37,381)</u>	<u>(25,119)</u>
Ending fund balance	186,369	148,988	(37,381)

<u>Cafeteria Fund</u>	<u>FY 2018-19</u>	<u>FY 2019-20</u>	<u>Change</u>
Beginning fund balance	234,234	175,397	(58,837)
Operating surplus/(deficit)	<u>(58,837)</u>	<u>(23,809)</u>	<u>35,028</u>
Ending fund balance	175,397	151,588	(23,809)

<u>Debt Service Fund</u>	<u>FY 2018-19</u>	<u>FY 2019-20</u>	<u>Change</u>
Beginning fund balance	4,118,217	5,300,748	1,182,531
Operating surplus/(deficit)	<u>1,182,531</u>	<u>949,422</u>	<u>(233,109)</u>
Ending fund balance	5,300,748	6,250,170	949,422

<u>Capital Projects Fund - 2010 Bond</u>	<u>FY 2018-19</u>	<u>FY 2019-20</u>	<u>Change</u>
Beginning fund balance	491,900	205,839	(286,061)
Operating surplus/(deficit)	<u>(286,061)</u>	<u>(205,839)</u>	<u>80,222</u>
Ending fund balance	205,839	-	(205,839)

<u>Capital Projects Fund - Sinking Fund</u>	<u>FY 2018-19</u>	<u>FY 2019-20</u>	<u>Change</u>
Beginning fund balance	559,239	448,864	(110,375)
Operating surplus/(deficit)	<u>(110,375)</u>	<u>334,370</u>	<u>444,745</u>
Ending fund balance	448,864	783,234	334,370

Fund Balance Assumptions, continued

<u>Student Activity Fund</u>	<u>FY 2018-19</u>	<u>FY 2019-20*</u>	<u>Change</u>
Beginning fund balance	-	1,077,505	1,077,505
Operating surplus/(deficit)	-	<u>41,124</u>	<u>41,124</u>
Ending fund balance	-	1,118,629	1,118,629

**2019/20 is the first year for the Student Activity Fund. Beginning fund balance has been re-stated.*

The fiscal year 2019/20 General Fund, Athletics Fund, Cafeteria Fund, Debt Service Fund, Capital Projects Fund, Sinking Fund and Student Activity Fund budgets incorporate all the major revenue and expenditure assumptions identified by the district. The fund level budgets, as incorporated into this document, are presented for approval and adoption to the Hartland Consolidated Schools Board of Education at the June 24, 2019 public meeting.

Hartland Consolidated Schools
Descriptions of General Fund Financial Statement Expenditure Categories

Financial Statement Category	Description
Basic Program	Instructional activities dealing directly with teaching pupils. Includes elementary, middle-junior high, and high school activities.
Added Needs	Instructional activities designed for the added needs of pupils in the district, including special education, compensatory education, and career/technical education.
Pupil	Activities designed to assess and improve the well-being of pupils. Includes guidance, health, and teacher consultant services.
Instructional Staff	Activities associated with assisting the instructional staff with the content and process of providing learning experience to pupils. Includes the curriculum department, ICT, instructional technology and media staff and materials.
General Administration	Activities associated with oversight of the district as a whole.
School Administration	Activities associated with oversight of a single school building.
Business	Includes services concerned with the fiscal operations of the district, including budgeting, receiving and disbursing, financial accounting, and payroll.
Operation & Maintenance	Activities related to operating the district's buildings. Includes heating and lighting, as well as repairs and maintenance of equipment, property and liability insurance, and janitorial and grounds maintenance costs.
Pupil Transportation	Includes services associated with the transportation of pupils to and from school.
Central Support	Activities that support each of the other instructional and support service programs. Includes data processing oversight and equipment.
Other	Includes those supporting service expenditures which cannot be classified above.
Community Services	Activities that are not directly related to providing education to pupils in the district. Includes community education programs as well as the senior center.
Debt Service	Represents principal and interest payments owed during the current fiscal year on installment purchase obligations.
Capital Outlay	Includes site acquisition and facilities improvement.
Transfers	Includes transfers to other funds.

HARTLAND CONSOLIDATED SCHOOLS
GENERAL FUND
PROPOSED BUDGET
FISCAL YEAR ENDING JUNE 30, 2020

	ACTUAL 2017/18	BUDGETED 2018/19	ESTIMATED 2019/20	NET CHANGE PERCENT	NET CHANGE DOLLARS	
REVENUES:						
LOCAL SOURCES	\$ 7,842,711	\$ 7,918,679	\$ 8,295,329	4.76%	376,650	A
STATE SOURCES	44,245,426	44,975,358	45,112,786	0.31%	137,428	B
FEDERAL SOURCES	<u>510,073</u>	<u>315,448</u>	<u>246,971</u>	-21.71%	(68,477)	C
TOTAL REVENUES	52,598,210	53,209,485	53,655,086	0.84%	445,601	
INCOMING TRANSFERS AND OTHER	<u>3,038,057</u>	<u>3,686,571</u>	<u>4,012,767</u>	8.85%	<u>326,196</u>	D
TOTAL REVENUES, INCOMING TRANSFERS AND OTHER	\$ 55,636,267	\$ 56,896,056	\$ 57,667,853	1.36%	\$ 771,797	
EXPENDITURES:						
INSTRUCTION:						
BASIC PROGRAMS	26,671,276	26,968,425	27,044,048	0.28%	75,623	E
ADDED NEEDS	6,558,546	6,864,811	7,094,814	3.35%	230,003	E, F
SUPPORT SERVICES:						
PUPIL SERVICES	1,368,063	1,412,730	1,682,929	19.13%	270,199	E, G
INSTRUCTIONAL SERVICES	1,508,411	1,520,887	1,637,792	7.69%	116,905	E, H
GENERAL ADMINISTRATION	1,305,467	1,316,312	1,389,334	5.55%	73,022	I
SCHOOL ADMINISTRATION	3,245,599	3,339,375	3,408,667	2.07%	69,292	I
BUSINESS SERVICES	622,236	624,290	633,107	1.41%	8,817	
OPERATIONS & MAINTENANCE	5,102,294	5,298,772	5,672,301	7.05%	373,529	J
TRANSPORTATION	2,397,106	3,217,747	3,679,012	14.34%	461,265	K
CENTRAL SERVICES	590,355	764,443	793,478	3.80%	29,035	
OTHER	151,048	170,021	170,300	0.16%	279	
COMMUNITY SERVICES	3,215,035	3,136,922	3,160,833	0.76%	23,911	
DEBT SERVICE	400,466	457,445	590,487	29.08%	133,042	L
CAPITAL OUTLAY	<u>599,223</u>	<u>332,000</u>	<u>420,000</u>	26.51%	<u>88,000</u>	M
TOTAL EXPENDITURES	53,735,125	55,424,180	57,377,102	3.52%	1,952,922	
OUTGOING TRANSFERS (ATHLETICS)	<u>749,385</u>	<u>773,160</u>	<u>795,499</u>	2.89%	<u>22,339</u>	
TOTAL APPROPRIATED	\$ 54,484,510	\$ 56,197,340	\$ 58,172,601	3.51%	\$ 1,975,261	
EXCESS REVENUES(APPROPRIATION)	\$ 1,151,757	\$ 698,716	\$ (504,748)	-172.24%	\$ (1,203,464)	
FUND BALANCE, JULY 1	4,165,937	5,317,694	6,016,410	13.14%	698,716	
FUND BALANCE, JUNE 30	\$ 5,317,694	\$ 6,016,410	\$ 5,511,662	-8.39%	\$ (504,748)	
FUND BALANCE AS A % OF EXPENDITURES	9.76%	10.71%	9.47%			

Hartland Consolidated Schools
 General Fund – Proposed Budget Explanations
 June 30, 2020

A	Local Sources	Property tax revenue was increased to account for an increase in property values. Since the state reduces the foundation allowance by the district’s estimated property tax revenue, the State Sources line item was reduced by an amount equal to the increase in property tax revenues. In addition, a slight inflationary increase on other local revenues (other than property tax revenue) was estimated.
B	State Sources	The budget currently assumes a foundation increase of \$220 per pupil, which is our best estimate at this time, given the state legislature has not yet finalized its budget. A loss of 36 students was also contemplated. State revenues were reduced by an estimated increase in property tax revenue, as noted in the “Local Sources” line item above. The special ed categorical funding was calculated using projected 2018/19 expenditures and decreased for 2019/20 accordingly. Certain categoricals for retirement funding were eliminated since it is not expected these items will continue into 2019/20. In addition, the Early Literacy grant and School Safety grants were eliminated. Offsetting expenditures related to the Early Literacy grant were reduced from the “Instructional Services” line item and expenditures related to the School Safety grant were eliminated from the “Operations and Maintenance” line item. The remaining categorical funding is expected to remain consistent with prior year.
C	Federal Sources	Title I, II & IV revenues were reduced for 2019/20 in accordance with preliminary allocation information received from MDE.
D	Incoming Transfers & Other	A majority of the increase relates to the additional proceeds expected from bus loan financing. Offsetting expenditures related to the purchase of the busses have been included in the “Transportation” line item. The district intends to purchase a total of 10 busses in 2019/20 (which is an increase of 3 from 2018/19).
E	Instruction; Pupil Services; Instructional Services	The net change is a culmination of several adjustments made to the various expense categories. Salaries & fringe benefits have been adjusted for expected steps, lane changes, increased fringe benefit costs, and the replacement of retiring teachers. An amount was also included to account for an off-schedule payment to teachers for fund balance exceeding 9% in accordance with the HEA contract terms. Contracted substitute costs were increased for the anticipated expenses associated with attracting and retaining substitute teachers as well as to adding 2 every-day building subs. Supplies were reduced for the elimination of the Early Literacy grant. Offsetting revenues for the Early Literacy grant were reduced under the “State Sources” line item above.
F	Added Needs	In addition to item E, approximately \$96K of costs related to the Early Middle College program were included on this line item.

G	Pupil Services	In addition to item E, approximately \$248K of costs were added to this line item related to the addition of 2.4 FTE for social workers at district expense, which combined with the staffing resources provided by LESA would provide for a social worker in each building.
H	Instructional Services	In addition to item E, the restoration of curriculum dollars to normal levels was included on this line item.
I	General Administration/ School Administration	Salaries and fringe benefits have been adjusted for expected step increases, formula increases (where applicable), and new affiliate contract terms effective in 2019/20. Fringe benefit costs have also been increased accordingly.
J	Operations & Maintenance	Salaries and fringe benefits have been adjusted for expected step increases, formula increases (where applicable), and maintenance union contract terms effective in 2019/20. Fringe benefit costs have also been increased accordingly. In addition, reductions made in prior year for staffing vacancies and utilities were restored to regular levels. Finally, expenditures were increased to account for anticipated costs related to contract custodial. These increases are partially offset by a decrease in expenditures from the school safety grant, which was eliminated in 2019/20.
K	Transportation	A majority of the increase in expense from prior year is related to the purchase of 10 buses in 2019/20, which is 3 more than in 2018/19. Offsetting revenues for the financing of the busses have been included in the "Incoming Transfers and Other" line item. In addition, more resources have been allocated for attracting and retaining bus drivers under the RTC agreement, as well as for one additional bus route that will be needed in 2019/20. Finally, reductions to salaries and fringe benefits made in 2017/18 for staffing vacancies were restored to regular levels.
L	Debt Service	Principal and interest expenditures have been added for the bus loans taken out in 2018/19.
M	Capital Outlay	Additional resources were added to fund repairs to and replacements of the district's buildings and infrastructure.

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**HARTLAND CONSOLIDATED SCHOOLS
BUDGET SUMMARY
GENERAL FUND**

	ACTUAL 2017/18	AMENDED 2018/19	PROJECTION 2019/20	CHANGE FROM 2018/19
INSTRUCTION:				
BASIC PROGRAMS				
Salaries	\$ 15,810,506	\$ 16,105,856	\$ 16,022,848	\$ (83,008)
Fringes	9,597,777	9,532,324	9,659,521	127,197
Purchased services	982,013	993,889	1,081,255	87,366
Supplies	275,397	327,547	271,615	(55,932)
Curriculum change	-	-	-	-
Capital outlay & other	8,868	8,809	8,809	-
ADDED NEEDS				
Salaries	3,800,500	4,069,641	4,138,206	68,565
Fringes	2,287,078	2,374,242	2,439,217	64,975
Purchased services	203,066	230,135	326,598	96,463
Supplies	267,902	190,793	190,793	-
Capital outlay & other	-	-	-	-
TOTAL INSTRUCTION	33,233,107	33,833,236	34,138,862	305,626
SUPPORT SERVICES:				
PUPIL SERVICES				
Salaries	856,647	876,906	886,601	9,695
Fringes	474,263	491,432	502,643	11,211
Purchased services	30,486	36,736	286,029	249,293
Supplies	6,667	7,656	7,656	-
Capital outlay & other	-	-	-	-
INSTRUCTIONAL SERVICES				
Salaries	752,336	766,931	761,941	(4,990)
Fringes	407,475	427,499	432,169	4,670
Purchased services	130,114	139,763	141,229	1,466
Supplies	148,800	133,881	152,453	18,572
Curriculum change	69,686	52,813	150,000	97,187
Capital outlay & other	-	-	-	-
GENERAL ADMINISTRATION				
Salaries	613,187	674,831	702,863	28,032
Fringes	340,661	379,780	394,436	14,656
Purchased services	332,114	239,420	269,572	30,152
Supplies	7,825	8,513	8,695	182
Capital outlay & other	11,680	13,768	13,768	-
SCHOOL ADMINISTRATION				
Salaries	1,964,979	2,010,743	2,050,058	39,315
Fringes	1,178,456	1,211,559	1,241,536	29,977
Purchased services	89,725	101,926	101,926	-
Supplies	12,439	15,147	15,147	-
Capital outlay & other	-	-	-	-
BUSINESS SERVICES				
Salaries	235,810	238,773	241,028	2,255
Fringes	147,100	153,488	157,147	3,659
Purchased services	147,886	118,309	121,087	2,778
Supplies	-	-	-	-
Capital outlay & other	91,440	113,720	113,845	125
OPERATIONS & MAINTENANCE				
Salaries	706,766	733,689	766,330	32,641
Fringes	560,389	563,235	585,366	22,131

Purchased services	3,560,611	3,635,298	3,961,614	326,316
Supplies	267,842	262,800	278,410	15,610
Capital outlay & other	77,980	103,750	80,581	(23,169)
TRANSPORTATION				
Salaries	430,606	446,922	474,871	27,949
Fringes	271,154	276,636	290,260	13,624
Purchased services	1,578,842	1,698,742	1,790,682	91,940
Supplies	116,264	125,500	128,178	2,678
Capital outlay & other	283,064	669,947	995,021	325,074
CENTRAL SERVICES				
Salaries	139,328	192,903	194,911	2,008
Fringes	101,490	129,585	132,471	2,886
Purchased services	346,540	293,640	293,640	-
Supplies	2,997	2,500	2,551	51
Capital outlay & other	-	145,815	169,905	24,090
OTHER				
Salaries	95,279	100,250	100,250	-
Fringes	42,927	45,121	45,400	279
Purchased services	10,241	8,200	8,200	-
Supplies	2,601	4,450	4,450	-
Capital outlay & other	23,125	12,000	12,000	-
TOTAL SUPPORT SERVICES	16,667,822	17,664,577	19,066,920	1,402,343
COMMUNITY SERVICES				
Salaries	1,577,609	1,540,526	1,581,974	41,448
Fringes	734,406	751,139	773,088	21,949
Purchased services	796,875	741,727	703,582	(38,145)
Supplies	106,145	98,530	97,189	(1,341)
Capital outlay & other	4,574	5,000	5,000	-
CAPITAL OUTLAY - Facilities	214,121	332,000	420,000	88,000
DEBT SERVICE	400,466	457,445	590,487	133,042
TRANSFERS & OTHER	749,385	773,160	795,499	22,339
TOTAL EXPENDITURES	\$ 54,484,510	\$ 56,197,340	\$ 58,172,601	\$ 1,975,261

Salaries	\$ 26,983,553	\$ 27,757,971	\$ 27,921,881	\$ 163,910
Fringes	16,143,176	16,336,040	16,653,254	317,214
Purchased services	8,208,513	8,237,785	9,085,414	847,629
Supplies	1,214,879	1,177,317	1,157,137	(20,180)
Curriculum change	69,686	52,813	150,000	97,187
Capital outlay & other	500,731	1,072,809	1,398,929	326,120
Capital outlay - Facilities	214,121	332,000	420,000	88,000
Debt service	400,466	457,445	590,487	133,042
Transfers	749,385	773,160	795,499	22,339
	\$ 54,484,510	\$ 56,197,340	\$ 58,172,601	\$ 1,975,261

Salaries	49.53%	49.39%	48.00%
Fringes	29.63%	29.07%	28.63%
Purchased services	15.07%	14.66%	15.62%
Supplies	2.23%	2.09%	1.99%
Curriculum change	0.13%	0.09%	0.26%
Capital outlay & other	0.92%	1.91%	2.40%
Capital outlay - Facilities	0.39%	0.59%	0.72%
Debt service	0.74%	0.81%	1.02%
Transfers & other	1.38%	1.38%	1.37%

HARTLAND CONSOLIDATED SCHOOLS
 PROPOSED BUDGET
 ATHLETICS FUND
 FISCAL YEAR ENDING JUNE 30, 2020

	ACTUAL 2017-18	BUDGETED 2018-19	ESTIMATED 2019-20	NET CHANGE PERCENT	NET CHANGE DOLLARS
REVENUES:					
LOCAL REVENUE (GATE)	\$ 145,989	\$ 146,478	\$ 132,877	-9.29%	\$ (13,601) A
OTHER LOCAL REVENUE	<u>111,760</u>	<u>141,925</u>	<u>114,925</u>	-19.02%	<u>(27,000) A</u>
TOTAL REVENUE	257,749	288,403	247,802	-14.08%	(40,601)
INCOMING TRANSFERS	<u>749,385</u>	<u>773,160</u>	<u>795,499</u>	2.89%	<u>22,339 B</u>
TOTAL REVENUE & INCOMING TRANSFERS	1,007,134	1,061,563	1,043,301	-1.72%	(18,262)
EXPENDITURES:					
SALARIES	248,996	263,656	271,668	3.04%	8,012 C
EMPLOYEE BENEFITS	119,079	129,914	132,987	2.37%	3,073 C
CONTRACTED SERVICES/SUPPLIES	466,851	519,728	499,576	-3.88%	(20,152) D
EQUIPMENT	26,205	26,397	31,724	20.18%	5,327 E
OFFICIALS	41,406	45,227	46,227	2.21%	1,000
TRANSPORTATION	47,500	47,500	47,500	0.00%	-
CAPITAL OUTLAY	<u>50,272</u>	<u>41,403</u>	<u>51,000</u>	23.18%	<u>9,597 F</u>
TOTAL APPROPRIATED	1,000,309	1,073,825	1,080,682	0.64%	6,857
EXCESS REVENUE (APPROPRIATION)	6,825	(12,262)	(37,381)	204.85%	(25,119)
FUND BALANCE, JULY 1	191,806	198,631	186,369	-6.17%	(12,262)
FUND BALANCE, JUNE 30	\$ 198,631	\$ 186,369	\$ 148,988	-20.06%	\$ (37,381)

Hartland Consolidated Schools
 Athletics Fund – Proposed Budget Explanations
 June 30, 2020

A	Revenues	Gate revenue was decreased to account for one less home varsity football game scheduled this year. In addition, KLAA/MHSAA tournament revenue was decreased since there were an unusually high number of events awarded to the district in 2018/19. The “Contracted Services” line item below was also decreased to account for having fewer KLAA/MHSAA events.
B	Incoming Transfers	Transfer from the General Fund is made up of a fixed 3% increase component as well as a reimbursement for the athletic fund’s share of UAAL.
C	Salaries/Employee Benefits	Salaries and fringe benefits were adjusted for step and formula increases for coaches and athletic staff. In addition, healthcare costs were adjusted to account for the projected increase in the hard cap.
D	Contract Services	Contracted services were reduced to account for fewer anticipated KLAA/MHSAA events in 2019/20 than in 2018/19. At the same time, contracted coaching staff was increased to account for coaching step increases, as well as the addition of a coach for the newly established gymnastics program.
E	Equipment	Equipment was restored for each team’s regular allotted amounts. This line item was reduced in 2018/19 since not all of the teams spent their allotment.
F	Officials	Officials were increased to account for the additional expenditures needed for the newly established gymnastics program.
G	Capital Outlay	Capital outlay budget was restored to fund anticipated purchases in 2019/20. Capital needs have been assessed and a replacement schedule has been prepared by the Athletic Director.

HARTLAND CONSOLIDATED SCHOOLS
 PROPOSED BUDGET
 CAFETERIA FUND
 FISCAL YEAR ENDING JUNE 30, 2020

	ACTUAL 2017-18	BUDGETED 2018-19	ESTIMATED 2019-20	NET CHANGE PERCENT	NET CHANGE DOLLARS
REVENUES:					
LOCAL REVENUE	\$ 1,097,312	\$ 1,179,628	\$ 1,231,419	4.39%	\$ 51,791 A
STATE REVENUE	64,037	70,688	70,688	0.00%	-
FEDERAL REVENUE	547,919	584,070	597,938	2.37%	13,868 B
INCOMING TRANSFERS	481	610	610	0.00%	-
TOTAL REVENUE	<u>1,709,749</u>	<u>1,834,996</u>	<u>1,900,655</u>	3.58%	65,659
EXPENDITURES:					
SALARIES	524,323	550,413	567,841	3.17%	17,428 C
EMPLOYEE BENEFITS	254,170	283,113	304,136	7.43%	21,023 C
FOOD	781,956	851,000	862,180	1.31%	11,180 D
SUPPLIES & OTHER	96,238	105,762	115,762	9.46%	10,000 E
CAPITAL OUTLAY	59,936	79,000	50,000	0.00%	(29,000) F
TOTAL EXPENDITURES	<u>1,716,623</u>	<u>1,869,288</u>	<u>1,899,919</u>	1.64%	30,631
OUTGOING TRANSFERS	<u>29,702</u>	<u>24,545</u>	<u>24,545</u>	0.00%	-
TOTAL APPROPRIATED	1,746,325	1,893,833	1,924,464	1.62%	30,631
EXCESS REVENUE (APPROPRIATION)	(36,576)	(58,837)	(23,809)	-59.53%	35,028
FUND BALANCE, JULY 1	270,810	234,234	175,397	-25.12%	(58,837)
FUND BALANCE, JUNE 30	\$ 234,234	\$ 175,397	\$ 151,588	-13.57%	\$ (23,809)

Hartland Consolidated Schools
 Cafeteria Fund – Proposed Budget Explanations
 June 30, 2020

A	Local Revenue	Local revenues were increased for a 25 cent increase in the price of breakfast and lunch, as well as for the additional sales resulting from the addition of a breakfast program at two elementary buildings. Staffing costs and food expense were also increased for the additional breakfast programs.
B	Federal Revenue	Federal revenues were increased for the breakfast program being added to two elementary buildings. In addition, a 1 cent increase in the federal reimbursement rate was estimated. This amount will be adjusted during the budget amendment process when the actual federal reimbursement rates are known.
C	Salaries/ Fringe Benefits	Salaries and fringe benefits were adjusted to account for the new contract terms that are effective July 1, 2019. In addition, salaries and related fringe benefits, including healthcare, were increased to staff the new breakfast program at two elementary buildings.
D	Food	Food expenditures were increased to account for the additional cost of the new breakfast program at two elementary buildings.
E	Supplies & Other	Increase is mostly due to repairs and maintenance expenditures that were restored to regular levels to cover the cost of any potential failure of cafeteria equipment. Repairs and maintenance expenditures were reduced in 2018/19 as a result of fewer items requiring service than normal.
F	Capital Outlay	Long-term capital needs have been assessed and a replacement schedule has been prepared by the Food Service Director. The amount budgeted is based on the items scheduled for replacement in 2019/20, which consists mainly of condiment carts.

HARTLAND CONSOLIDATED SCHOOLS
 PROPOSED BUDGET
 DEBT SERVICE FUND
 FISCAL YEAR ENDING JUNE 30, 2020

	ACTUAL 2017-18	BUDGETED 2018-19	ESTIMATED 2019-20	NET CHANGE PERCENT	NET CHANGE DOLLARS
REVENUES:					
PROPERTY TAX LEVY	\$ 9,721,325	\$ 10,246,617	\$ 10,894,904	6.33%	\$ 648,287 A
OTHER LOCAL REVENUE	<u>84,044</u>	<u>294,500</u>	<u>94,499</u>	-67.91%	<u>(200,001) B</u>
TOTAL LOCAL REVENUE	9,805,369	10,541,117	10,989,403	4.25%	448,286
STATE REVENUE	72,347	65,179	65,179	0.00%	-
FEDERAL REVENUE	658,755	661,228	661,228	0.00%	-
SBLF PROCEEDS	<u>12,176,596</u>	<u>11,716,370</u>	<u>11,059,602</u>	-5.61%	<u>(656,768) C</u>
TOTAL REVENUE & OTHER PROCEEDS	22,713,067	22,983,894	22,775,412	-0.91%	(208,482)
EXPENDITURES:					
REDEMPTION OF PRINCIPAL	16,745,000	17,125,000	17,555,000	2.51%	430,000 D
INTEREST ON DEBT	5,005,570	4,656,193	4,252,570	-8.67%	(403,623) D
MISCELLANEOUS EXPENSE	<u>51,500</u>	<u>20,170</u>	<u>18,420</u>	-8.68%	<u>(1,750)</u>
TOTAL EXPENDITURES	21,802,070	21,801,363	21,825,990	0.11%	24,627
TOTAL APPROPRIATED	21,802,070	21,801,363	21,825,990	-0.34%	24,627
EXCESS REVENUE (APPROPRIATION)	910,997	1,182,531	949,422	-19.71%	(233,109)
FUND BALANCE, JULY 1	3,207,219	4,118,217	5,300,748	28.71%	1,182,531
FUND BALANCE, JUNE 30	\$ 4,118,216	\$ 5,300,748	\$ 6,250,170	17.91%	\$ 949,422 E

Hartland Consolidated Schools
 Debt Service Fund – Proposed Budget Explanations
 June 30, 2020

A	Property Tax Levy	The property tax levy is calculated based on 8.05 mils and 2019 taxable value. Taxable value increased by 6.1% from prior year.
B	Other Local Revenue	Other local revenues were reduced for the expected change in market value of the QSCB investment deposit. In 2018/19, there was a significant increase in market value due to favorable market conditions. Given market uncertainty, this amount was reduced in the 2019/20 budget to be more conservative.
C	SBLF Proceeds	The 2018/19 SBLF borrowing amount was calculated based on expected debt fund cash flow, taking into account property tax collections and debt service requirements.
D	Redemption of Principal/Interest on Debt	Principal and interest expenditures have been updated for 2019/20 debt service requirements based on the long-term debt schedules.
E	Fund Balance	Fund balance in continues to grow as a result of the payment structure of the 2010 QSCB debt. Each year, the district is required to deposit “set-aside” funds into an investment account so that when the bonds mature, the principal is paid in one lump sum from the proceeds of the investment account. The total lump sum principal payment is \$12.1M, and is scheduled to be paid in the 2026/27 school year.

HARTLAND CONSOLIDATED SCHOOLS
 PROPOSED BUDGET
 CAPITAL PROJECTS FUND - 2010 BOND
 FISCAL YEAR ENDING JUNE 30, 2020

	ACTUAL 2017-18	BUDGETED 2018-19	ESTIMATED 2019-20	NET CHANGE PERCENT	NET CHANGE DOLLARS
REVENUES:					
INTEREST	\$ 5,157	\$ 3,300	\$ 3,300	0.00%	\$ -
TOTAL REVENUE	5,157	3,300	3,300	0.00%	-
EXPENDITURES:					
EQUIPMENT	419,798	289,361	209,139	-27.72%	(80,222) A
TOTAL APPROPRIATED	419,798	289,361	209,139	-27.72%	(80,222)
EXCESS REVENUE (APPROPRIATION)	(414,641)	(286,061)	(205,839)	-28.04%	80,222
FUND BALANCE, JULY 1	906,541	491,900	205,839	-58.15%	(286,061)
FUND BALANCE, JUNE 30	\$ 491,900	\$ 205,839	\$ -	-100.00%	\$ (205,839)

Hartland Consolidated Schools
Capital Projects Fund – 2010 Bond – Proposed Budget Explanations
June 30, 2019

A	Equipment	The remaining bond proceeds will be spent in 2019/20. All remaining proceeds are reserved for the purchase of technology equipment which is in line with the overall spending plan.
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HARTLAND CONSOLIDATED SCHOOLS
 PROPOSED BUDGET
 CAPITAL PROJECTS FUND - SINKING FUND
 FISCAL YEAR ENDING JUNE 30, 2020

	ACTUAL 2017-18	BUDGETED 2018-19	ESTIMATED 2019-20	NET CHANGE PERCENT	NET CHANGE DOLLARS
REVENUES:					
PROPERTY TAX LEVY	\$ 603,779	\$ 631,992	\$ 668,512	5.78%	\$ 36,520 A
INTEREST	<u>1,711</u>	<u>3,800</u>	<u>4,000</u>	5.26%	<u>200</u>
TOTAL REVENUE	605,490	635,792	672,512	5.78%	36,720
EXPENDITURES:					
REMODELING, RENNOVATION & NEW CONSTRUCTION	-	654,595	116,142	-82.26%	(538,453) B
EQUIPMENT	-	42,542	200,000	370.12%	157,458 B
MISC (ARCHITECT, CONSTRUCTION MGR, OTHER)	<u>46,251</u>	<u>49,030</u>	<u>22,000</u>	-55.13%	<u>(27,030) B</u>
TOTAL APPROPRIATED	46,251	746,167	338,142	-54.68%	(408,025)
EXCESS REVENUE (APPROPRIATION)	559,239	(110,375)	334,370	-402.94%	444,745
FUND BALANCE, JULY 1	-	559,239	448,864	-19.74%	(110,375)
FUND BALANCE, JUNE 30	\$ 559,239	\$ 448,864	\$ 783,234	74.49%	\$ 334,370

Hartland Consolidated Schools
 Capital Projects Fund – Sinking Fund – Proposed Budget Explanations
 June 30, 2020

A	Property Tax Levy	Amount was calculated based on .4941 mills and 2019 taxable value. The tax base was subject to a Headlee rollback in 2020 and 2019, and therefore, the full .5 mills cannot be levied.
B	Remodeling, Renovation & New Construction/ MISC	Amounts represent anticipated 2019/20 expenditures for construction and renovation projects as well as for design and engineering work for future projects and technology purchases.

HARTLAND CONSOLIDATED SCHOOLS
 PROPOSED BUDGET
 STUDENT ACTIVITIES
 FISCAL YEAR ENDING JUNE 30, 2020

	ACTUAL 2017-18	BUDGETED 2018-19	ESTIMATED 2019-20	NET CHANGE PERCENT	NET CHANGE DOLLARS
REVENUES:					
OTHER LOCAL REVENUE	\$ -	\$ -	\$ 1,805,864	100.00%	\$ 1,805,864
EXPENDITURES:					
MISCELLANEOUS EXPENSE	-	-	1,764,740	100.00%	1,764,740
TOTAL APPROPRIATED	-	-	1,764,740	100.00%	1,764,740
EXCESS REVENUE (APPROPRIATION)	-	-	41,124	100.00%	41,124
FUND BALANCE, JULY 1	-	-	1,077,505	100.00%	1,077,505
FUND BALANCE, JUNE 30	\$ -	\$ -	\$ 1,118,629	100.00%	\$ 1,118,629

Hartland Consolidated Schools
Student Activities – Proposed Budget Explanations
June 30, 2020

The Student Activities budget is new in 2019/20 and has been prepared in accordance with GASB 84.

HARTLAND CONSOLIDATED SCHOOLS
Revenue and Expenditure Projection

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Revenue	53,481,479	55,636,267	56,896,056	57,667,853	58,420,645	58,909,840
Expenditures	52,497,541	54,484,510	56,197,340	58,172,601	58,676,521	59,997,139
Excess Revenue /(Expenditures)	983,938	1,151,757	698,716	(504,748)	(255,876)	(1,087,299)
Fund Balance July 1	3,181,999	4,165,937	5,317,694	6,016,410	5,511,662	5,255,786
Fund Balance June 30	4,165,937	5,317,694	6,016,410	5,511,662	5,255,786	4,168,487
Fund Balance Percent	7.94%	9.76%	10.71%	9.47%	8.96%	6.95%
Revenue increase	3.75%	4.03%	2.26%	1.36%	1.31%	0.84%
Expenditure increase	0.40%	3.78%	3.14%	3.51%	0.87%	2.25%
Key percentage factors						
"Formula" Percentage	1.6287%	1.0964%	1.8657%	1.6104%	1.3236%	1.2950%
Health insurance increase	2.50%	0.07%	4.39%	3.76%	2.41%	2.81%
Retirement rate	24.94%	25.56%	26.03%	27.17%	28.25%	29.25%
Key numerical factors						
Base Foundation Allowance	\$ 7,511	\$ 7,631	\$ 7,871	\$ 8,091	\$ 8,271	\$ 8,451
"Net" Foundation inc. (found. plus incentives)	\$ 120	\$ 120	\$ 240	\$ 220	\$ 180	\$ 180
Blended count @10%/90%	5,534.30	5,554.56	5,481.44	5,438.93	5,406.72	5,358.12
Enrollment Change	(4.93)	20.26	(73.12)	(42.51)	(32.21)	(48.60)
Off-schedule payment per contract	n/a	n/a	421,000	305,270	-	-
Annual curriculum change dollars	87,000	74,500	52,800	150,000	200,000	200,000
Annual technology equipment dollars	0	0	120,000	120,000	120,000	120,000
Annual special capital project dollars (maint/repair)	0	0	100,000	200,000	200,000	200,000