



MSD of Martinsville

Budget Hearing 2019



2019- It's a New Kind of Budget & Process

- ▶ Old Plan
 - ▶ General Fund
 - ▶ Capital Projects
 - ▶ Debt Service
 - ▶ Transportation
 - ▶ Bus Replacement
- ▶ Each area had either a tax rate, maximum levy or maximum rate, but none were calculated the same



2019– We’re going on a diet– only three funds

- ▶ Took the old funds and consolidated them into three funds
- ▶ Education
 - ▶ Part of the old general fund. But, a slimmer version with only the instructional type expenditures in it.
- ▶ Operations
 - ▶ Combined capital projects, bus replacement & transportation and added to it all the other previous general fund expenditures that are for overhead and maintenance
- ▶ Debt Service
 - ▶ Nothing changed here



Education Fund

- ▶ Funded by the state for the most part
- ▶ Comes as an amount per student based on our September 2018 student enrollment
- ▶ So all the old general fund income is deposited into the education fund. Remember this important detail for later



Operations Fund

- ▶ Funded by a maximum levy
- ▶ DLGF (Department of Local Government Finance) will send you a dollar amount in summer 2018. This is the amount you can raise in taxes.
- ▶ It gets converted into a tax rate after you build your budget.
- ▶ 2019 all expenses for buses including new buses and all capital projects will be paid out of here
- ▶ It also includes all maintenance, custodial, and central office expenditures that were previously paid out of general fund.
- ▶ This is \$4.2 million in costs for all our janitors, custodial supplies, maintenance workers, maintenance supplies, building repairs, snow removal, and all central office expenditures or a little over 14% of the old general fund.



How will we get money between funds?

- ▶ If you remember, all previous general fund revenues will go into the education fund.
- ▶ But, expenditures for part of that “old” general fund are now being paid out of the operations fund.
- ▶ So, how are we suppose to move money from the education fund to pay for those expenditures now in operations?
- ▶ DLGF has told us that we need to make a board resolution as part of our budgeting process and then make monthly transfers between the funds to account for those expenditures out of operations.
- ▶ Our board approved this resolution in August and this number will be reflected on our budget documents as a transfer out of education (Form 4B) and a transfer into operations (Form 2)
- ▶ Every year the board will be making a resolution. It will seem like the way we've always done it in a couple year. Now, it is very new.



Tax Rates



- ▶ Our advertised rate this year will be 0.6622
- ▶ Represents
 - ▶ Debt Service Fund rate of 0.1451
 - ▶ Operations Fund rate of 0.5171
- ▶ This amount will change from year to year for two reasons:
 - ▶ Assessed Valuation changes up or down
 - ▶ The AV Growth Quotient changes. This year 3.4% growth was added to the maximum levy by DLGF to account for growth. (Similar to the inflation rate or Consumer Price Index for real goods.)
- ▶ Statewide we are one of the 10% lowest rates in the state. In real terms, this means that we are the bottom tax rate of schools.
- ▶ We also have the lowest rate in the county.



How do we compare to other districts?

- ▶ The other Morgan County projected rates are:
 - ▶ Mooresville 0.7874 (actual rate)
 - ▶ Monroe-Gregg 1.1252
 - ▶ Eminence .8466
- ▶ MSD Martinsville's rate is 12.5 cents less than Mooresville's.



Our Financial Position in 2018

- ▶ July 1, 2014, we had \$17.6 million in funds
- ▶ July 31, 2018 we ended the month with \$22.6 million in funds
- ▶ 28% increase in cash balance
- ▶ At the same time, we have used a combination of debt and cash projects to do major facility upgrades
- ▶ This was done to avoid issuing as much debt, saving interest paid, and allowed us to make improvements and keep our tax rate down.
- ▶ Fiscally conservative approach that focuses on 10-20% cash reserve balance and growing the rainy day fund in order to securing top bond ratings to get lower borrowing rates



Two Biggest Expense Categories

- ▶ Facility Costs including upgrades, renovations, and improvements
 - ▶ Staffing costs which include salary, health insurance costs, retirement, and other benefits (around 90% of the “old” general fund)
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Facility Costs



Facility Improvements in 4 years

- ▶ HVAC systems at Bell/Smith, Poston Road, and Wooden (partial)
- ▶ New roof at Bell & MHS Gym
- ▶ HS Gym Air Conditioned
- ▶ Bell renovation including new ceiling tiles, lights and flooring throughout building as well as offices, entrances, and classroom remodels
- ▶ MHS upgrades that included 11 science classrooms remodeled, new maker space, new HS siding, new HS signage, Senior Career Center, LED Parking Lot Lighting
- ▶ Sports upgrades including new rebuilt HS track, new rebuilt HS pool and new storage areas at pool, HS weight room, HS wrestling room, new gym floor at HS and major remodel at Glen Curtis Gym at Wooden.
- ▶ Partial ceiling tiles and lighting project at Wooden as well as two new science classrooms & three classrooms remodeled for hands on science labs at MS level, new hallway flooring, & partial lights/ceiling tile project



More Facility Improvements

- ▶ Budget a \$250,000 roof project each year so that we have our roofs on a cycle of continuous improvement. We don't want to face a \$2 million roof replacement project like we did at Bell in 2014 that had to be paid for with bonds.
- ▶ New sound system in auditorium
- ▶ Family bathrooms in all buildings
- ▶ Bathroom remodel projects including shower curtains and privacy screens in men's restrooms at Bell, Wooden, and MHS
- ▶ Safety double sets of doors in all buildings, Technology check in software in all buildings, major security camera upgrade with 40 additional cameras added, and new interior room locks at Bell, Wooden, MHS
- ▶ New Wellness Gym and Healthcare Clinic for employees
- ▶ New parking lots and drives at CEC, Bell, Smith, Wooden
- ▶ New playgrounds at CEC & Bell



2018/2019 Projects

- ▶ Additional projects we hope to start in this school year include:
 - ▶ Additional improvements at the MHS auditorium focusing on the acoustical ceiling and orchestra pit areas
 - ▶ MHS library upgrades including new flooring and furniture
 - ▶ New windows at Wooden MS that are energy efficient. Current windows are single pane in many places and contribute to substantial heating loss
 - ▶ Additional lighting, ceiling tiles, and flooring at Wooden MS to upgrade building



Staffing Costs



Staff Increases

- ▶ Moved staff last year back on an increment schedule. Future budget commitment to fund these increases each year for staff who are effective or highly effective.
- ▶ Increment increases are \$1000 between each level or \$1500 if you move between a Bachelor's to a Master's level
- ▶ Our teachers pay ranges from \$37,000 (Beginning Teacher) to \$65,239 for a master teacher with over 20 years of experience
- ▶ Staff have also had stipends provided if they are at the top of the scale and not part of the increment schedule. Those amounts are \$750 each year per staff member at the top of the scale.
- ▶ Paying the increment and the stipend is approximately \$250,000 total each year.



Commitment to Health Care

- ▶ Substantial increases paid for health insurance costs.
- ▶ 2015 rates
 - ▶ Employee \$4,406.40
 - ▶ Family \$12,021.12
- ▶ 2018 rates
 - ▶ Employee \$5,457.24 - \$5,947.20
 - ▶ Employee + Child \$11,004 - \$11,808
 - ▶ Employee + Spouse \$12,960 - \$13,560
 - ▶ Family \$14,836.20 - \$16,135.20
- ▶ District paid portion has increased to around 24% (employee only) - 34% (family plan)



Other Benefits

- ▶ Other areas of substantial costs to the district include
- ▶ Retirement Contributions
 - ▶ PERF (11.2% of the salary)
 - ▶ TRF (10.5% of the salary)
 - ▶ 401 A (3% match of the salary)
 - ▶ VEBA (1% of the salary)
- ▶ For full time employees, benefits add over 22% to the costs not including health or dental insurance.
- ▶ It all adds up so that the majority of our expenses in the education fund is related to employee salary and benefits.
- ▶ A good portion of the operations funds will also be related to salary and benefits.



Summary

- ▶ Financially
 - ▶ Good position
- ▶ Leveraged cash to limit debt and keep the tax rate one of the lowest in the state
- ▶ Provided steady increases to staff with the major budget impact has been on funding health insurance premium increases
- ▶ Continue to fund a roof plan so we don't have to issue debt to replace a roof
- ▶ Budget includes a commitment to fund future staff increases by moving our teachers last year back on an increment type scale