

# Finance Committee Meeting

## May 12, 2020

# Meeting Agenda

1. Financial Impact of COVID-19
2. 2019-20 Projected Budget Outcomes
3. 2020-21 General Fund Budget
4. Items from the Committee

# Financial Impact of COVID-19 - Revenues

Assumptions 2/24/2020	Assumptions 4/15/2020 Changes 5/12/2020
<p>Real Estate Taxes</p> <ol style="list-style-type: none"> <li>1. Millage Rate Increase: discussed 1.5%-2%</li> <li>2. Collection Rate: 96.8%</li> <li>3. Assessment Appeals: N/A</li> <li>4. Delinquent Taxes: \$470,000</li> <li>5. Transfer Taxes: \$520,000</li> </ol>	<ol style="list-style-type: none"> <li>1. TBD</li> <li>2. 94% updated to 95.5%</li> <li>3. TBD</li> <li>4. 25% reduction or \$117,500 less</li> <li>5. 25% reduction or \$130,000 less</li> </ol>
Earned Income Tax: \$3,389,000	2019-2020 reduced est. by 8% or \$259,336 2020-2021 reduced 15% or \$508,350
Interest Earnings: 1.25%-2.5%	0.25-0.75% which equates to \$175,000 less
<p>State Subsidies</p> <ol style="list-style-type: none"> <li>1. Basic Ed: 1%</li> <li>2. Special Ed: 1%</li> <li>3. Transportation: flat</li> </ol>	<p>At best flat for each and likely delayed</p> <ol style="list-style-type: none"> <li>1. Reduced by \$45,000</li> <li>2. Reduced by \$15,000</li> </ol>
Federal Assistance CARES Act – N/A	Est. \$400 M for PA distributed similar to Federal Title I funding Lampeter-Strasburg SD share \$332,071
<p>Act 1 base index:</p> <p>2020-2021 – 2.6%</p> <p>2021-2022 – 3.2%</p> <p>2022-2023 – 3.3%</p> <p>2023-2024 – 3.4%</p> <p>2024-2025 – 3.5%</p>	Based on PA wages and US school costs. Trailing data so very likely to impact Districts for several years.

# Financial Impact of COVID-19 - Expenses

Assumptions 2/24/2020	Assumptions 4/15/2020 Changes 5/12/2020
Enterprise Accounts designed for revenues to offset expenses 1. School Age Child Care (SACC) 2. Food Service	No revenues for SACC and just Federal subsidies for Food Service 1. Use SACC fund balance 2. General Fund est. transfer to Food Service in 2019-2020 of \$195,000
Federal Grants – Title I and II – federal funds offset expenses	Anticipate minor impact to 2019-2020
Unemployment Compensation claims (Districts are self-insured)	Anticipate minor impact in both years
PSERS actuarial projections: 2019-2020 – 34.29% (est. net exp. \$4 M) 2020-2021 – 34.51% 2021-2022 – 34.95% 2022-2023 – 35.62% 2023-2024 – 36.12% 2024-2025 – 36.60%	Early estimates are for these figures to increase 1-3% beginning in 2021-2022
Utilities – electric, natural gas, fuel, water and sewer	Estimate \$75,000 savings for 2019/20
Allocations – copy paper, supplies, equipment, repairs, travel, dues, etc.	2019/20 freeze: projected savings \$136,550  2020/21 reserve (hold 25% of allocations to determine severity of financial crisis): \$368,386

# 2019-20 Projected Budget Outcomes

		<b>2019-20 Budget</b>	<b>2019-20 Projected</b>	<b>\$ Difference</b>	<b>% Variance to Budget</b>
<b>Total Fund Balance - Beginning</b>		6,636,930	7,752,052	1,115,122	
<b>Revenue:</b>					
Local		40,979,010	40,701,709	(277,301)	-0.68%
State		12,944,970	13,169,202	224,232	1.73%
Federal		462,650	478,310	15,660	3.38%
Other Financing Sources		0	0	-	
<b>Total:</b>		<b>54,386,630</b>	<b>54,349,221</b>	<b>(37,409)</b>	<b>-0.07%</b>
<b>Expenditures</b>		<b>55,164,010</b>	<b>54,256,376</b>	<b>(907,634)</b>	<b>-1.65%</b>
<b>Transfer to Food Service</b>		0	195,000		
<b>Transfer to Capital Reserve</b>		0	0		
<b>Total Expenditures and Transfers</b>		<b>55,164,010</b>	<b>54,451,376</b>	<b>(712,634)</b>	<b>-1.29%</b>
<b>Operating Balance:</b>		<b>(777,380)</b>	<b>(102,155)</b>		
<b>Total Fund Balance - Ending</b>		<b>5,859,550</b>	<b>7,649,897</b>		
<b>Assigned for Retirement</b>		<b>1,300,000</b>	<b>1,300,000</b>		
<b>Assigned for Lost Appeals</b>		<b>171,710</b>	<b>171,710</b>		
<b>Assigned for Technology</b>		<b>48,000</b>	<b>48,000</b>		
<b>Unassigned Fund Balance</b>		<b>4,339,840</b>	<b>6,130,187</b>		
<b>Total Fund Balance</b>		<b>5,859,550</b>	<b>7,649,897</b>		
<b>Note - 2018-2019 budget surplus of \$1,567,084 is recommended to carry fwd in Unassigned Fund Balance</b>					

# 2020-21 General Fund Budget Timeline

- January 6, 2020 passed Act 1 Index Resolution to not raise taxes more than the adjusted Index of 3.0%
- Upcoming Budget deadlines:
  - May 18, 2020 Board Workshop: deadline to adopt 2020-21 Proposed Final Budget
  - June 18, 2020 Board Meeting: deadline to adopt 2020-21 Final Budget

# 2020-21 Real Estate Tax Payment Schedule

	Typical Tax Payment Schedule	Proposed Schedule for 2020-21
Tax Bills Mailed	7/1/2020	7/1/2020 or as soon as possible
End of 2% Discount Period	8/31/2020	9/30/2020
Installment Due Dates	8/31/2020, 10/31/2020, 12/31/2020	9/30/2020, 10/31/2020, 11/30/2020, 12/31/2020
Penalty Period begins	11/1/2020	No Penalty
Turnover for Collection	1/15/2021	1/15/2021

- Delinquent Tax Collection:
- When unpaid real estate taxes are turned over to the Tax Claim Bureau, taxpayers may make payments in any amount.
  - Interest will accrue on the unpaid balance beginning on February 1.
  - Properties with tax liens, tax judgments, municipal claims or any other liens may be sold as a part of a tax upset sale.
  - If an owner agrees to pay 25% of the amount due on all tax claims and tax judgments plus interest to date and agrees to pay the amount within not more than three installments all within one year of the date of the agreement, the sale of the property may be stayed.

# Index and Millage Rate Increase History

	Fiscal Year										Averages	
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>10-yr Avg</u>	<u>5-yr Avg</u>
Act 1 Base Index	2.90	1.40	1.70	1.70	2.10	1.90	2.40	2.50	2.40	2.30	2.13	2.30
Act 1 Adjusted Index for L-S	2.90	1.60	1.70	2.00	2.50	2.20	2.80	2.90	2.80	2.70	2.41	2.68
Percent Increase in L-S Millage	3.72	1.60	1.70	* 1.90	0.90	1.30	1.90	1.50	1.50	1.70	1.77	1.58
Avg Increase Lancaster Cty Districts	3.46	1.45	2.36	2.16	2.03	1.71	2.79	2.22	2.15	2.15	2.25	2.20

- 9 out of 10 years – L-S was below or at the index.
- 8 out of 10 years – L-S was below the County Average.

\* 1.26% net increase when factoring in elimination of the per capita tax.



# 2020-21 Proposed Budget Summary

## 0% Millage Increase

	2019-20 Budget	2019-20 Projected	2020-21 Proposed	Difference	% Change
<b>Total Fund Balance - Beginning</b>	6,636,930	7,752,052	7,649,897	(102,155)	-1.32
<b>Revenue:</b>					
Local	40,979,010	40,701,709	39,726,390	(975,319)	-2.40
State	12,944,970	13,169,202	13,308,890	139,688	1.06
Federal	462,650	478,310	478,310	0	0.00
Other Financing Sources	0	0	0	0	
<b>Total:</b>	<b>54,386,630</b>	<b>54,349,221</b>	<b>53,513,590</b>	<b>(835,631)</b>	<b>-1.54</b>
<b>Expenditures</b>	<b>55,164,010</b>	<b>54,256,376</b>	<b>56,509,534</b>	<b>2,253,158</b>	<b>4.15</b>
Transfer to Food Service	0	195,000			
Transfer to Capital Reserve	0	0	0		
<b>Total Expenditures and Transfers</b>	<b>55,164,010</b>	<b>54,451,376</b>	<b>56,509,534</b>	<b>2,058,158</b>	<b>3.78</b>
<b>Operating Balance:</b>	<b>(777,380)</b>	<b>(102,155)</b>	<b>(2,995,944)</b>		
<b>Total Fund Balance - Ending</b>	<b>5,859,550</b>	<b>7,649,897</b>	<b>4,653,953</b>		
<b>Assigned for Retirement</b>	<b>1,300,000</b>	<b>1,300,000</b>	<b>1,300,000</b>		
<b>Assigned for Lost Appeals</b>	<b>171,710</b>	<b>171,710</b>	<b>171,710</b>		
<b>Assigned for Technology</b>	<b>48,000</b>	<b>48,000</b>	<b>0</b>		
<b>Unassigned Fund Balance</b>	<b>4,339,840</b>	<b>6,130,187</b>	<b>3,182,243</b>		
<b>Total Fund Balance</b>	<b>5,859,550</b>	<b>7,649,897</b>	<b>4,653,953</b>		
<b>% of Unassigned Fund Balance to Total Expenditures</b>	<b>7.87%</b>	<b>11.26%</b>	<b>5.63%</b>		

# Comparison of Millage Increases

	2019-20	2020-21						
	Projected	0.00%	0.50%	1.00%	1.50%	1.75%	2.00%	
Revenue:	54,349,221	53,513,590	53,690,750	53,870,220	54,048,440	54,137,543	54,226,650	
Expenditures	54,451,376	56,509,534	56,509,534	56,509,534	56,509,534	56,509,534	56,509,534	
Operating Balance:	(102,155)	(2,995,944)	(2,818,784)	(2,639,314)	(2,461,094)	(2,371,991)	(2,282,884)	
Total Fund Balance - Ending	7,649,897	4,653,953	4,831,113	5,010,583	5,188,803	5,277,906	5,367,013	
Change from 0.0%			177,160	356,630	534,850	623,953	713,060	
Assigned for Retirement	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	
Assigned for Lost Appeals	171,710	171,710	171,710	171,710	171,710	171,710	171,710	
Assigned for Technology	48,000	-	-	-	-	-	-	
Unassigned Fund Balance	6,130,187	3,182,243	3,359,403	3,538,873	3,717,093	3,806,196	3,895,303	
Total Fund Balance	7,649,897	4,653,953	4,831,113	5,010,583	5,188,803	5,277,906	5,367,013	
Median Homestead \$216,400		3,663	3,681	3,700	3,718	3,727	3,736	
Change from 0.0%			18	37	55	64	73	

# Items From the Committee

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