

Finance Committee Meeting

November 25, 2019

Meeting Agenda

1. Introductions and Community Representatives
2. L-S Debt Profile Review and Projections – Ken Phillips and Olivia Sweigart (RBC Capital Markets)
3. 2018–19 Budget Outcome
4. 2019–20 Projected Budget Outcome
5. 2020–21 Budget discussion
 - a) Schedule and Draft Act 1 Resolution
 - b) Preliminary Figures
 - c) Five-Year Projection
6. Items from the Committee

Lampeter-Strasburg School District

Debt Profile & Refinancing Review

November 25, 2019

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RBC Capital Markets

Lampeter-Strasburg School District
Gross Debt Outstanding
As of July 1, 2019

As of Fiscal Year Ending June 30	(1) 2002 Fixed DeIVal Loan	(2) 2002 Variable DeIVal Loan	(3) 2014 G.O. Bonds	(4) 2017 G.O. Note	Total
2020	579,947	530,515	4,223,656	698,337	6,032,456
2021	590,498	530,363	4,274,106	690,323	6,085,291
2022	601,382	531,004	1,096,750	2,687,189	4,916,325
2023				630,613	630,613
2024				632,117	632,117
2025				628,260	628,260
2026				629,161	629,161
2027				624,701	624,701
2028					0
Total	1,771,827	1,591,883	9,594,513	7,220,700	20,178,922

(1) 2002 DeIVal Fixed Rate Conversion Portion @ 2.635% 1/15/09

(2) 2002 DeIVal Fixed Rate Conversion Portion @ 2.005% 9/25/11

(3) Series 2014, callable 8/15/19, average coupon 2.52%, yield 2.15%.

(4) Series of 2017 Notes (BB&T Bank Loan), fixed rate of 2.41%, callable 3/1/23.

Lampeter-Strasburg School District
Net Debt Outstanding
As of July 1, 2019

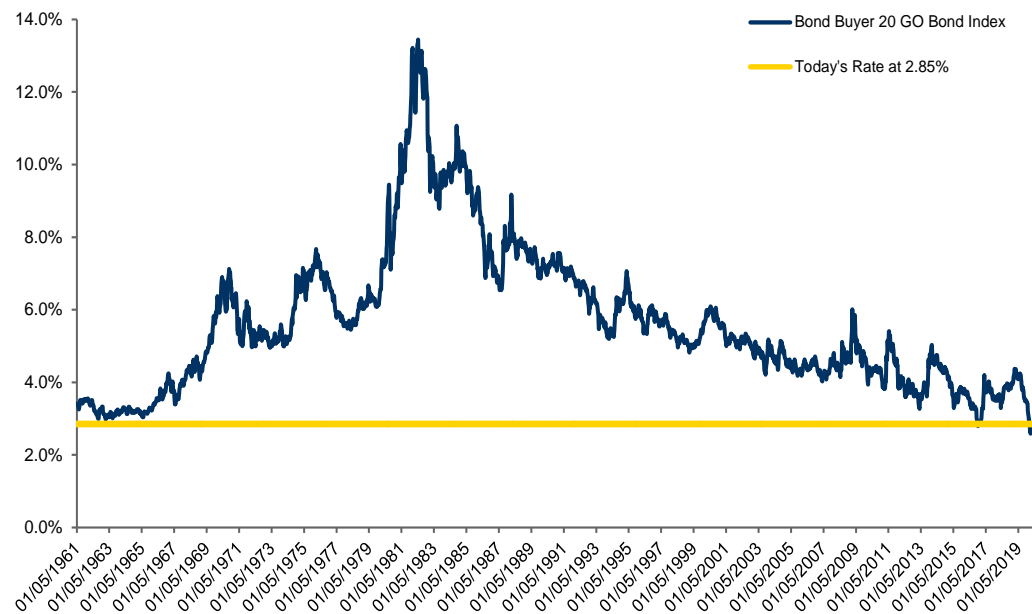
As of Fiscal Year Ending June 30	2002 Fixed DeIVal Loan	2002 Variable DeIVal Loan	2014 G.O. Bonds	2017 G.O. Note	Total
2020	527,029	482,108	3,845,321	652,260	5,506,719
2021	536,618	481,970	3,891,252	644,775	5,554,615
2022	546,509	482,552	998,508	2,509,886	4,537,455
2023	0	0	0	589,005	589,005
2024	0	0	0	590,409	590,409
2025	0	0	0	586,806	586,806
2026	0	0	0	587,648	587,648
2027	0	0	0	583,483	583,483
2028	0	0	0	0	0
Total	1,610,156	1,446,630	8,735,082	6,744,272	18,536,141

Local Effort	90.88%	90.88%	91.04%	93.40%
State Effort	9.12%	9.12%	8.96%	6.60%
CARF	41.76%	41.76%	41.76%	41.76%
Proj. Reimb.	21.85%	21.85%	21.45%	15.80%

Bond Buyer 20 General Obligation Bond Index

58 Year Historical Perspective

Bond Buyer 20 GO Index since January 1961



% of Time in Each Range Since 1961

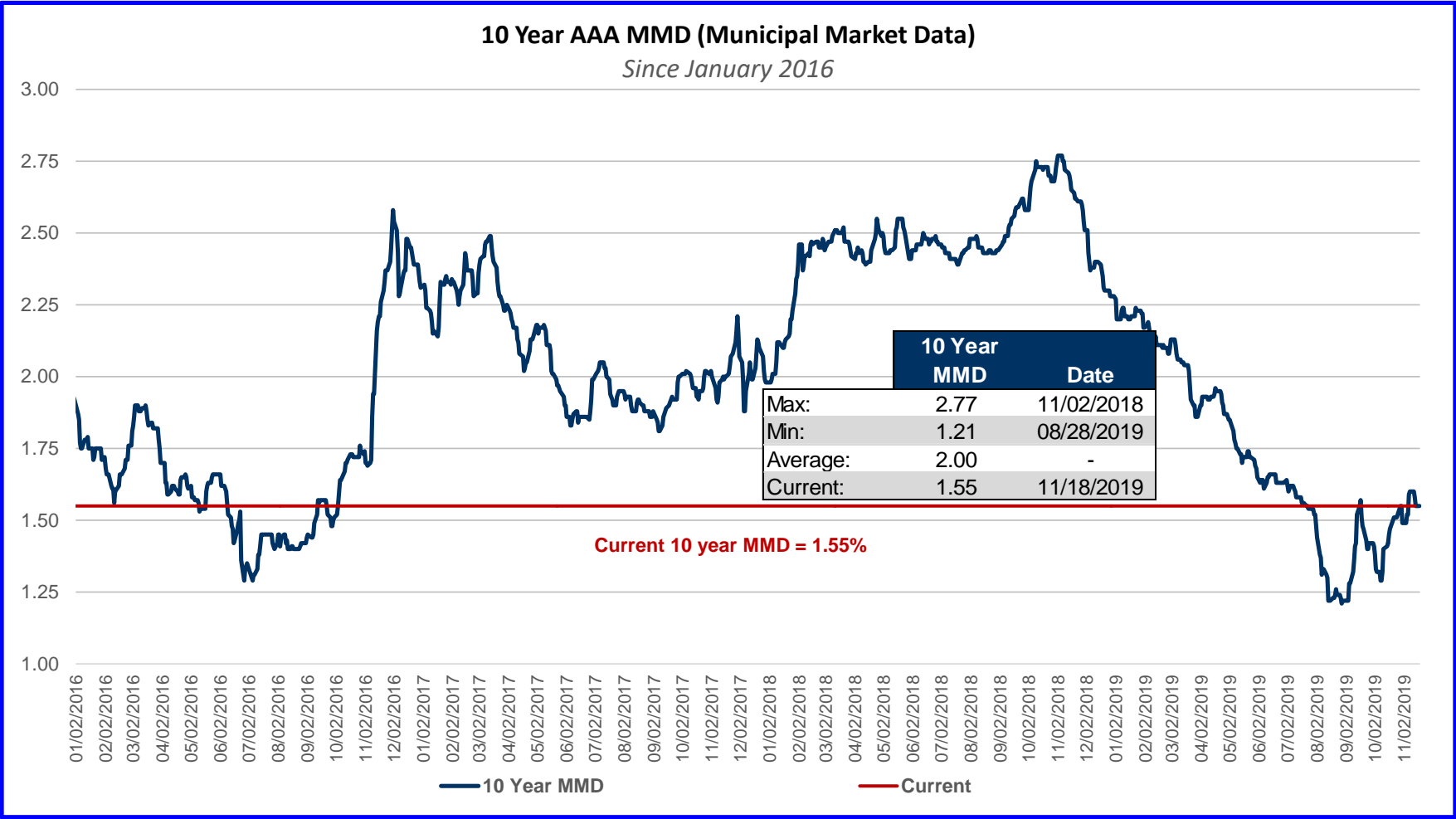
Yield Range		
Less than 3.50%	10.55%	
3.50% - 4.00%	10.97%	
4.01% - 4.50%	11.43%	
4.51% - 5.00%	9.83%	
5.01% - 5.50%	13.70%	
5.51% - 6.00%	9.54%	
6.01% - 6.50%	7.39%	
6.51% - 7.00%	6.74%	
7.01% - 7.50%	6.09%	
7.51% - 8.00%	3.58%	
Greater than 8.00%	10.19%	
Total	100.00%	

Source: Bloomberg as of November 14, 2019
Weekly yields and indexes released by the Bond Buyer. Updated every Thursday at approximately 6:00pm EST. 20 Bond General Obligation Yield with 20 year maturity, rated Aa2 by Moody's Arithmetic Average of 20 bonds' yield to maturity.

Today's 2.85% level is lower than 99.58% of historical rates since January 1961

10 Year AAA MMD Index

Since January 2016



Hypothetical Future Max Borrowing at Current Budget Level

Lampeter-Strasburg School District

Millage Requirement Study - Proposed Series of 2021, Wraparound Structure

Maximum Borrowing

19-Nov-19

Fiscal Year Ending June 30	Total Net Outstanding D/S (1)	Proposed Series of 2021 \$75,280,000 Net D/S (2)	Less: Interest Earnings/ SD Reserves	Total Net Debt	Value of 1 Mill (3)	Total Mills Required	New Mills Req'd	Mills Available from Prior Debt (4)	Total Mills in Place	Dollars Appropriated	Budget Surplus (Deficit)
2020	5,506,719	0		5,506,719	2,130,000	2.59	0.000	2.61	2.61	5,554,615	47,896
2021	5,554,615	0		5,554,615	2,130,000	2.61	0.000	0.00	2.61	5,554,615	0
2022	4,537,455	1,297,229	280,069	5,554,615	2,130,000	2.61	0.000	0.00	2.61	5,554,615	0
2023	589,005	4,679,458		5,268,463	2,130,000	2.47	0.000	0.00	2.61	5,554,615	286,153
2024	590,409	4,960,043		5,550,452	2,130,000	2.61	0.000	0.00	2.61	5,554,615	4,163
2025	586,806	4,968,702		5,555,508	2,130,000	2.61	0.000	0.00	2.61	5,554,615	-893
2026	587,648	4,967,353		5,555,001	2,130,000	2.61	0.000	0.00	2.61	5,554,615	-386
2027	583,483	4,969,933		5,553,416	2,130,000	2.61	0.000	0.00	2.61	5,554,615	1,200
2028	0	5,552,495		5,552,495	2,130,000	2.61	0.000	0.00	2.61	5,554,615	2,120
2029	0	5,556,646		5,556,646	2,130,000	2.61	0.000	0.00	2.61	5,554,615	-2,031
2030	0	5,554,183		5,554,183	2,130,000	2.61	0.000	0.00	2.61	5,554,615	433
2031	0	5,554,547		5,554,547	2,130,000	2.61	0.000	0.00	2.61	5,554,615	69
2032	0	5,552,890		5,552,890	2,130,000	2.61	0.000	0.00	2.61	5,554,615	1,726
2033	0	5,553,832		5,553,832	2,130,000	2.61	0.000	0.00	2.61	5,554,615	784
2034	0	5,552,574		5,552,574	2,130,000	2.61	0.000	0.00	2.61	5,554,615	2,042
2035	0	5,554,553		5,554,553	2,130,000	2.61	0.000	0.00	2.61	5,554,615	63
2036	0	5,553,857		5,553,857	2,130,000	2.61	0.000	0.00	2.61	5,554,615	759
2037	0	5,555,985		5,555,985	2,130,000	2.61	0.000	0.00	2.61	5,554,615	-1,370
2038	0	5,550,000		5,550,000	2,130,000	2.61	0.000	0.00	2.61	5,554,615	4,616
2039	0	5,557,125		5,557,125	2,130,000	2.61	0.000	0.00	2.61	5,554,615	-2,510
2040	0	5,551,542		5,551,542	2,130,000	2.61	0.000	0.00	2.61	5,554,615	3,074
2041	0	5,553,865		5,553,865	2,130,000	2.61	0.000	0.00	2.61	5,554,615	751
2042	0	5,558,490		5,558,490	2,130,000	2.61	0.000	0.00	2.61	5,554,615	-3,875
TOTAL	18,536,140	109,155,294	280,069	127,411,365			0.000				

(1) Annual Net Debt Service for Series of 2002 Del Val, 2014 Bonds and 2017 Notes.

(2) Proposed Series of 2021, \$75,280,000 New Money, Dated December 1, 2021. Current rates + 0.75% contingency. Local Effort 100%.

(3) FY2019-20 mill is worth \$2,130,000 and remains constant per the administration as of November 19, 2019.

(4) Mills in place for prior debt.

Hypothetical Future Max Borrowing at Half of Current Budget Level

Lampeter-Strasburg School District

Millage Requirement Study - Proposed Series of 2021, Wraparound Structure

Half of Maximum Borrowing

19-Nov-19

Fiscal Year Ending June 30	Total Net Outstanding D/S (1)	Proposed Series of 2021 \$36,500,000 Net D/S (2)	Less: Interest Earnings/ SD Reserves	Total Net Debt	Value of 1 Mill (3)	Total Mills Required	New Mills Req'd	Mills Available from Prior Debt (4)	Total Mills in Place	Dollars Appropriated	Budget Surplus (Deficit)
2020	5,506,719	0		5,506,719	2,130,000	2.59	0.000	2.61	2.61	5,554,615	47,896
2021	5,554,615	0		5,554,615	2,130,000	2.61	0.000	0.00	2.61	5,554,615	0
2022	4,537,455	633,424		5,170,879	2,130,000	2.43	0.000	0.00	2.61	5,554,615	383,736
2023	589,005	2,191,848		2,780,853	2,130,000	1.31	0.000	0.00	2.61	5,554,615	2,773,762
2024	590,409	2,189,926		2,780,335	2,130,000	1.31	0.000	0.00	2.61	5,554,615	2,774,281
2025	586,806	2,195,923		2,782,729	2,130,000	1.31	0.000	0.00	2.61	5,554,615	2,771,887
2026	587,648	2,194,890		2,782,538	2,130,000	1.31	0.000	0.00	2.61	5,554,615	2,772,077
2027	583,483	2,196,490		2,779,973	2,130,000	1.31	0.000	0.00	2.61	5,554,615	2,774,642
2028	0	2,781,105		2,781,105	2,130,000	1.31	0.000	0.00	2.61	5,554,615	2,773,510
2029	0	2,780,604		2,780,604	2,130,000	1.31	0.000	0.00	2.61	5,554,615	2,774,012
2030	0	2,781,872		2,781,872	2,130,000	1.31	0.000	0.00	2.61	5,554,615	2,772,743
2031	0	2,784,472		2,784,472	2,130,000	1.31	0.000	0.00	2.61	5,554,615	2,770,143
2032	0	2,783,475		2,783,475	2,130,000	1.31	0.000	0.00	2.61	5,554,615	2,771,140
2033	0	2,783,773		2,783,773	2,130,000	1.31	0.000	0.00	2.61	5,554,615	2,770,842
2034	0	2,780,468		2,780,468	2,130,000	1.31	0.000	0.00	2.61	5,554,615	2,774,148
2035	0	2,783,868		2,783,868	2,130,000	1.31	0.000	0.00	2.61	5,554,615	2,770,748
2036	0	2,783,338		2,783,338	2,130,000	1.31	0.000	0.00	2.61	5,554,615	2,771,278
2037	0	2,784,218		2,784,218	2,130,000	1.31	0.000	0.00	2.61	5,554,615	2,770,398
2038	0	2,781,039		2,781,039	2,130,000	1.31	0.000	0.00	2.61	5,554,615	2,773,577
2039	0	2,784,414		2,784,414	2,130,000	1.31	0.000	0.00	2.61	5,554,615	2,770,202
2040	0	2,783,934		2,783,934	2,130,000	1.31	0.000	0.00	2.61	5,554,615	2,770,682
2041	0	2,784,812		2,784,812	2,130,000	1.31	0.000	0.00	2.61	5,554,615	2,769,804
2042	0	2,781,840		2,781,840	2,130,000	1.31	0.000	0.00	2.61	5,554,615	2,772,775
TOTAL	18,536,140	53,345,728	0	71,881,868			0.000				

(1) Annual Net Debt Service for Series of 2002 Del Val, 2014 Bonds and 2017 Notes.

(2) Proposed Series of 2021, \$36,500,000 New Money, Dated December 1, 2021. Current rates + 0.75% contingency. Local Effort 100%.

(3) FY2019-20 mill is worth \$2,130,000 and remains constant per the administration as of November 19, 2019.

(4) Mills in place for prior debt.

Hypothetical Future Phased in Borrowing: \$20MM in 2021, \$20MM in 2024 and \$20MM in 2028

Lampeter-Strasburg School District

Millage Requirement Study - Proposed Series of 2021, Wraparound Structure

Phased Borrowings

19-Nov-19

Fiscal Year Ending June 30	Total Net Outstanding D/S (1)	Proposed Series of 2021 \$20,000,000 Net D/S (2)	Proposed Series of 2024 \$20,000,000 Net D/S (3)	Proposed Series of 2028 \$20,000,000 Net D/S (4)	Less: Interest Earnings/ SD Reserves	Total Net Debt	Value of 1 Mill (5)	Total Mills Required	New Mills Req'd	Mills Available from Prior Debt (6)	Total Mills in Place	Dollars Appropriated	Budget Surplus (Deficit)
2020	5,506,719	0				5,506,719	2,130,000	2.59	0.000	2.61	2.61	5,554,615	47,896
2021	5,554,615	0				5,554,615	2,130,000	2.61	0.000	0.00	2.61	5,554,615	0
2022	4,537,455	351,558				4,889,013	2,130,000	2.30	0.000	0.00	2.61	5,554,615	665,602
2023	589,005	1,023,117				1,612,122	2,130,000	0.76	0.000	0.00	2.61	5,554,615	3,942,494
2024	590,409	1,020,533				1,610,942	2,130,000	0.76	0.000	0.00	2.61	5,554,615	3,943,674
2025	586,806	1,022,278	357,904			1,966,987	2,130,000	0.92	0.000	0.00	2.61	5,554,615	3,587,628
2026	587,648	1,023,333	1,600,674			3,211,655	2,130,000	1.51	0.000	0.00	2.61	5,554,615	2,342,961
2027	583,483	1,028,535	1,600,256			3,212,274	2,130,000	1.51	0.000	0.00	2.61	5,554,615	2,342,342
2028	0	1,612,915	1,598,116			3,211,031	2,130,000	1.51	0.000	0.00	2.61	5,554,615	2,343,585
2029	0	1,613,597	1,599,104	369,792		3,582,493	2,130,000	1.68	0.000	0.00	2.61	5,554,615	1,972,122
2030	0	1,612,372	1,598,197	1,969,426		5,179,995	2,130,000	2.43	0.000	0.00	2.61	5,554,615	374,621
2031	0	1,609,080	1,600,233	1,968,754		5,178,067	2,130,000	2.43	0.000	0.00	2.61	5,554,615	376,549
2032	0	1,613,864	1,600,185	1,965,618		5,179,666	2,130,000	2.43	0.000	0.00	2.61	5,554,615	374,949
2033	0	1,611,323	1,597,990	1,969,946		5,179,258	2,130,000	2.43	0.000	0.00	2.61	5,554,615	375,357
2034	0	1,611,787	1,598,807	1,966,585		5,177,178	2,130,000	2.43	0.000	0.00	2.61	5,554,615	377,437
2035	0	1,610,259	1,602,637	1,965,928		5,178,823	2,130,000	2.43	0.000	0.00	2.61	5,554,615	375,792
2036	0	1,611,579	1,599,139	1,967,602		5,178,319	2,130,000	2.43	0.000	0.00	2.61	5,554,615	376,296
2037	0	1,610,763	1,598,691	1,971,666		5,181,119	2,130,000	2.43	0.000	0.00	2.61	5,554,615	373,496
2038	0	1,612,646	1,600,947	1,962,732		5,176,324	2,130,000	2.43	0.000	0.00	2.61	5,554,615	378,291
2039	0	1,612,396	1,601,072	1,966,607		5,180,074	2,130,000	2.43	0.000	0.00	2.61	5,554,615	374,541
2040	0	1,609,993	1,599,046	1,967,706		5,176,744	2,130,000	2.43	0.000	0.00	2.61	5,554,615	377,872
2041	0	1,610,561	1,599,992	1,966,178		5,176,730	2,130,000	2.43	0.000	0.00	2.61	5,554,615	377,886
2042	0	1,608,900	1,603,710	1,967,010		5,179,620	2,130,000	2.43	0.000	0.00	2.61	5,554,615	374,995
TOTAL	18,536,140	29,641,382	27,556,692	25,945,549	0	101,679,764			0.000				

(1) Annual Net Debt Service for Series of 2002 Del Val, 2014 Bonds and 2017 Notes.

(2) Proposed Series of 2021, \$20,000,000 New Money, Dated December 1, 2021. Current rates + 0.75% contingency. Local Effort 100%.

(3) Proposed Series of 2024, \$20,000,000 New Money, Dated December 1, 2024. Current rates + 0.75% contingency. Local Effort 100%.

(4) Proposed Series of 2028, \$20,000,000 New Money, Dated December 1, 2028. Current rates + 0.75% contingency. Local Effort 100%.

(5) FY2019-20 mill is worth \$2,130,000 and remains constant per the administration as of November 19, 2019.

(6) Mills in place for prior debt.

Note: Generates approximately \$21MM of surplus funds can be used for capital financing.

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2018–19 Budget Outcome

- The General Fund had a positive change in fund balance in the amount of \$592,083 as of June 30, 2019.
 - The General Fund had an ending fund balance of \$7,752,052 as follows:

➤ Assigned for Retirement	\$1,300,000
➤ Assigned for Technology	\$ 258,000
➤ Assigned for Assessment Appeals	\$ 171,710
➤ Unassigned Fund Balance	\$6,022,342
 - The recommendation is to transfer \$600,000 to the Capital Reserve Fund.
 - Capital Reserve Fund had a balance of \$3,184,144 as of June 30, 2019. With the recommended transfer the resulting Capital Reserve fund balance would be \$3,784,144.
 - The Capital Reserve fund balance will be used for improvements approved by the Board and as dictated by the Feasibility Study.
- The 2018-19 Financial Statements were presented at the Board Workshop on October 21, 2019 and accepted at the Board Meeting on November 4, 2019.

2018-19 Budget Outcome – continued

	2018-19 Budget	2018-19 Actual	\$ Variance	% Variance
<u>Revenue:</u>				
Real Estate Taxes	34,440,360	34,741,253	300,893	0.87%
Earned Income Taxes	3,198,000	3,268,461	70,461	2.20%
Transfer Taxes	460,000	542,235	82,235	17.88%
Delinquent Taxes	640,000	470,624	(169,376)	-26.47%
Investment Earnings	200,000	440,000	240,000	120.00%
IDEA & Access Revenue	484,550	627,715	143,165	29.55%
Other Local Income	384,000	335,792	(48,208)	-12.55%
Basic Education Subsidy	4,255,790	4,288,060	32,270	0.76%
Special Education Subsidy	1,412,250	1,437,002	24,752	1.75%
State Share Soc Sec & Retirement	4,638,390	4,528,585	(109,805)	-2.37%
Transportation Subsidy	695,000	699,300	4,300	0.62%
Other State Revenue	1,565,370	1,722,323	156,953	10.03%
Federal Revenue	470,890	528,531	57,641	12.24%
Total Revenue	52,844,600	53,629,881	785,281	1.49%
<u>Expenditures:</u>				
Salaries	22,660,170	22,460,157	(200,013)	-0.88%
Social Security & Retirement	9,302,400	9,021,982	(280,418)	-3.01%
Medical Insurance	5,355,000	5,183,655	(171,345)	-3.20%
Tuition Reimbursement	224,500	224,943	443	0.20%
Employer Share 403(b) - retirements	48,500	113,456	64,956	133.93%
Unemployment	10,000	773	(9,227)	-92.27%
Workers' Comp	197,610	137,020	(60,590)	-30.66%
Special Education Contracts & Tuition	2,497,910	2,273,355	(224,555)	-8.99%
Charter School Tuition	715,690	654,662	(61,028)	-8.53%
CTC Tuition	450,000	467,339	17,339	3.85%
Technology Allocation & Reserve	1,109,990	1,096,017	(13,973)	-1.26%
Transportation	1,346,600	1,363,989	17,389	1.29%
Principal Allocations, Curriculum, Athletics, Security	1,307,280	1,261,167	(46,113)	-3.53%
Custodial and Maintenance allocation	473,830	543,137	69,307	14.63%
Utilities	708,200	738,780	30,580	4.32%
Debt Service	5,769,930	5,766,637	(3,293)	-0.06%
Capital Reserve Transfer	-	975,000	975,000	-
Budgetary Reserve	400,000	-	(400,000)	-100.00%
Balance of other Expenditures	771,860	755,729	(16,131)	-2.09%
Total Expenditures	53,349,470	53,037,798	(311,672)	-0.58%
Revenue Over (Under) Expenditures		592,083		

2019–20 Projected Budget Outcome

2019-20 Projected Budget Outcome

Comparison of Budget to Projected

		2019-20 Budget	2019-20 Projected	\$ Difference	% Variance to Budget
Total Fund Balance - Beginning		7,752,052	7,752,052		
Revenue:					
	Local	40,979,010	40,971,960	(7,050)	-0.02%
	State	12,944,970	13,158,990	214,020	1.65%
	Federal	462,650	478,310	15,660	3.38%
	Other Financing Sources	0	0	-	
	Total:	54,386,630	54,609,260	222,630	0.41%
Expenditures		55,164,010	54,751,340	(412,670)	-0.75%
Transfer to Capital Reserve		0	600,000		
Total Expenditures and Transfers		55,164,010	55,351,340	187,330	0.34%
Operating Balance:		(777,380)	(742,080)		
Total Fund Balance - Ending		6,974,672	7,009,972		
Assigned for Retirement		1,300,000	1,300,000		
Assigned for Lost Appeals		171,710	171,710		
Assigned for Technology		48,000	48,000		
Unassigned Fund Balance		5,454,962	5,490,262		
Total Fund Balance		6,974,672	7,009,972		

2019-20 Projected Budget Outcome – cont.

Revenue Differences

2019-20 Budget to Projected				
Revenue Type	2019/20 Budget	\$ Variance to Budget	% Variance to Budget	Comments
Real Estate and Interim Taxes	35,420,260	56,050	0.16%	higher assessment than budgeted; higher collection rate
Earned Income Taxes	3,259,200	27,700	0.85%	based on information received from LCTCB
Delinquent Taxes	510,000	(36,740)	-7.20%	delinquent tax turnover has been declining from prior years
Transfer Taxes	500,000	20,000	4.00%	increased real estate sales
Interest Earnings	400,000	(50,000)	-12.50%	interest rate cuts
Other Local Revenue	889,550	(24,060)	-2.70%	tuition
Basic Education Subsidy	4,373,930	118,240	2.70%	Projected subsidy from PDE
Special Education	1,434,470	51,980	3.62%	Projected subsidy from PDE
Vocational Education Subsidy	75,000	11,560	15.41%	Projected subsidy from PDE
Safe Schools Grant	0	40,000	-	new in 2018-19
Social Security and Retirement Subsidies	4,841,150	(7,760)	-0.16%	
Other State Revenue	2,220,420	0	0.00%	
Federal Revenue	462,650	15,660	3.38%	
Total	54,386,630	222,630	0.41%	

2019-20 Projected Budget Outcome – cont.

Expenditure Differences

2019-20 Budget to Projected				
Account Type	2019/20 Budget	\$ Variance to Budget	% Variance to Budget	Comments
Salaries				
Professional	19,652,040	3,260	0.02	Administrative, Teaching, and Salary Exempt staff
Support	3,572,700	(32,320)	(0.90)	
Total Salaries:	23,224,740	(29,060)	(0.13)	
Benefits				
Social Security	1,775,030	(4,170)	(0.23)	
Retirement	7,937,000	(14,420)	(0.18)	
Unemployment Comp	10,000	-	-	
Workers' Comp	185,110	(21,110)	(11.40)	
Tuition Reimb.	232,600	-	-	
Medical Benefits	5,783,500	-	-	
Employer Share TSA	58,500	-	-	
Total Benefits:	15,981,740	(39,700)	(0.25)	

2019-20 Projected Budget Outcome – cont.

Expenditure Differences

2019-20 Budget to Projected				
Account Type	2019/20 Budget	\$ Variance to Budget	% Variance to Budget	Comments
Purchased Professional Services	3,171,570	1,020	0.03	Contracted Services Alternative Ed \$1,020
Purchased Property Services	699,110	2,970	0.42	Increases: Water/sewer \$4,600; CTC debt service \$260 Savings: Lease payments \$1,890
Other Purchased Services	3,272,140	44,300	1.35	Increases: Charter/Special Ed tuition \$45,410; Savings: CTC tuition \$1,110
Supplies	1,578,760	8,300	0.53	Natural Gas \$6,300; Gasoline \$2,000
Equipment	805,020	-	-	
Dues & Memberships	48,550	(500)	(1.03)	
Debt - Interest & Principal	5,982,380	-	-	
Real Estate Tax Refunds - Prior Years	-	-	-	
Transfer to Capital Reserve	-	600,000	N/A	recommendation based on 2018-19 financial results
Budgetary Reserve	400,000	(400,000)	-	
Total all Expenditures:	55,164,010	187,330	0.34	

2020–21 General Fund Budget

2020-21 Budget Schedule

- The Pennsylvania Department of Education has calculated the index and set the budget timeline for the 2020-21 Fiscal Year.
- The Act 1 base index is set at 2.6%. The adjusted index for Lampeter-Strasburg School District is 3.0%.
- Important dates on the timeline are:
 - January 6, 2020: the deadline to adopt a resolution indicating that the district will not raise the rate of tax by more than its index OR date by which 2020-21 preliminary budget must be available for public inspection. This is the last scheduled Board Meeting date prior to Commonwealth deadline of January 9, 2020.
 - January 21, 2020: the deadline to adopt a 2020-21 preliminary budget (only if a resolution has not been adopted). This is the last scheduled Board Workshop date prior to Commonwealth deadline of January 29, 2020.

Act 1 Resolution

2020–21 General Fund Budget –

Act 1 Resolution Draft

A RESOLUTION OF THE LAMPETER-STRASBURG SCHOOL DISTRICT, COUNTY OF LANCASTER, COMMONWEALTH OF PENNSYLVANIA CERTIFYING THAT THE SCHOOL DISTRICT WILL NOT RAISE ANY TAX RATE BY MORE THAN 3.0%.

WHEREAS, under Section 311(a) of the Taxpayer Relief Act of Special Session No. 1 of 2005 (“Act”), the Board of School Directors (“Board”) of the Lampeter-Strasburg School District (“School District”) is required to prepare and adopt a preliminary budget for the 2020-21 fiscal year of the School District on or before January 29, 2020;

WHEREAS, under Section 311(d) of the Act, the Board is not subject to Section 311(a) of the Act, provided that the Board adopts a resolution stating that the Board will not increase any tax rate by more than the Index for the School District, as defined under the Act and determined by the Pennsylvania Department of Education (“Department”);

WHEREAS, the Index for the School District for the 2020-21 fiscal year of the School District is 3.0%;

WHEREAS, the Board has determined that there will be no increase in the rate of any tax imposed by the School District in excess of the above Index for the 2020-21 fiscal year of the School District;

2020–21 General Fund Budget –

Act 1 Resolution – continued

NOW THEREFORE BE IT RESOLVED as follows:

1. The Board certifies that it will not raise the rate of any tax for the support of the School District for the 2020-21 fiscal year of the School District by more than the Index of 3.0% established by the Department for the School District;
2. The Board certifies that the School District will comply with the procedures as set forth in Section 687 of the Public School Code of 1949 as it relates to the adoption of its proposed and final annual budgets for the 2020-21 fiscal year of the School District;
3. The Board certifies that increasing any tax at a rate less than or equal to the above Index of 3.0% will be sufficient to balance its final budget for the 2020-21 fiscal year of the School District;
4. The Board certifies that the School District will submit information on a proposed increase in the rate of any tax levied for the support of the School District to the Department on a uniform form prepared by the Department no later than five (5) days after the adoption of this Resolution;
5. The Board certifies that a copy of this Resolution will be sent to the Department no later than five (5) days after the adoption of this Resolution; and
6. The Board acknowledges that the School District shall not be eligible to seek referendum exceptions under Section 333(f) of the Act.

We hereby certify that the foregoing is a true and correct copy of a Resolution adopted by the Board at a meeting thereof duly and legally held on the 6th of January 2020.

2020–21 General Fund Budget – Assumptions

- Millage Increase – Act 1 index of 3.0%
 - Not taking available Act 1 Exceptions: Retirement 0% and Special Education 0.89%
 - 1.35% growth in assessment
- 3.11% increase to Earned Income Tax (per Lancaster County Tax Collection Bureau est.)
- 2% increase to Basic Education Subsidy; 1% increase to Special Education Subsidy (pending Legislation, elections)
- Net 3.08% increase to total salaries
 - 3.2% regular salary increase; includes increases for educational attainment, teachers returning from leaves, and current programs carried forward
- Retirement rate – 34.77% (1.40% increase from 2019-20 rate of 34.29%, as projected by PSERS 12/7/18)
- 8% increase to health insurance
- No 2020-21 Capital Reserve transfer budgeted

2020-21 Budget

Index 3.0% Millage Increase

		2019-20 Budget	2019-20 Projected	2020-21 Proposed	Difference	% Change
Total Fund Balance - Beginning		7,752,052	7,752,052	7,009,972	(742,080)	-9.57
Revenue:						
	Local	40,979,010	40,971,960	42,137,710	1,165,750	2.85
	State	12,944,970	13,158,990	13,450,998	292,008	2.22
	Federal	462,650	478,310	478,310	0	0.00
	Other Financing Sources	0	0	0	0	
	Total:	54,386,630	54,609,260	56,067,018	1,457,758	2.67
Expenditures		55,164,010	54,751,340	56,844,359	2,093,019	3.82
Transfer to Capital Reserve		0	600,000	0		
Total Expenditures and Transfers		55,164,010	55,351,340	56,844,359	1,493,019	2.70
Operating Balance:		(777,380)	(742,080)	(777,341)		
Total Fund Balance - Ending		6,974,672	7,009,972	6,232,631		
Assigned for Retirement		1,300,000	1,300,000	1,300,000		
Assigned for Lost Appeals		171,710	171,710	171,710		
Assigned for Technology		48,000	48,000	0		
Unassigned Fund Balance		5,454,962	5,490,262	4,760,921		
Total Fund Balance		6,974,672	7,009,972	6,232,631		
% of Unassigned Fund Balance to Total Expenditures		9.89%	9.92%	8.38%		

2020-21 Budget – continued

Revenue Differences – Index 3.0% Millage Increase

2019-20 Projected to 2020-21 Budget				
Revenue Type	2019/20 Projected	\$ Variance to Projected	% Variance to Projected	Comments
Real Estate and Interim Taxes	35,476,310	1,130,650	3.19%	net 1.35% assessment growth; 3% millage increase
Earned Income Taxes	3,286,900	102,100	3.11%	Lanc. Co. Tax Collection Bureau report
Delinquent Tax, Transfer Tax, Public Utility Tax	1,028,300	7,700	0.75%	
Interest Earnings	350,000	(75,000)	-21.43%	falling Fed Funds Rate
Other Local Income	830,450	300	0.04%	
Basic Education Subsidy	4,492,170	89,843	2.00%	
Special Education	1,486,450	14,865	1.00%	
Social Security Reimbursement	872,100	27,090	3.11%	
Retirement Subsidy	3,961,290	195,470	4.93%	PSERS contribution rate increasing from 34.29% to 34.77%
Other State Revenue	2,346,980	(35,260)	-1.50%	no safety grant
Federal Revenue	478,310	0	0.00%	Title I and Title II funding
Total	54,609,260	1,457,758	2.67%	

2020-21 Budget - continued

Expenditure Differences – Index 3.0% Millage Increase

2019-20 Projected to 2020-21 Budget				
Account Type	2019/20 Projected	\$ Variance to Projected	% Variance to Projected	Comments
Salaries				
Professional	19,655,300	613,890	3.12	
Support	3,540,380	100,500	2.84	
Salaries Total:	23,195,680	714,390	3.08	Increases: 3.20% salary increase
Benefits				
Social Security	1,770,860	54,180	3.06	
Retirement	7,922,580	390,950	4.93	PSERS contribution rate increasing from 34.29% to 34.77%
Unemployment Comp	10,000	-	0.00	
Workers' Comp	164,000	5,760	3.51	
Tuition Reimb.	232,600	10,500	4.51	
Medical Benefits	5,783,500	462,680	8.00	
Employer's Share TSA	58,500	-	0.00	
Benefits Total:	15,942,040	924,070	5.80	

2020-21 Budget - continued

Expenditure Differences – Index 3.0% Millage Increase

2019-20 Projected to 2020-21 Budget				
Account Type	2019/20 Projected	\$ Variance to Projected	% Variance to Projected	Comments
Purchased Professional Services	3,172,590	123,960	3.91	Increases: District Newsletter \$1,100; Special Education Contracts \$122,860 - 5% increase
Purchased Property Services	702,080	6,060	0.86	Increases: waste disposal \$1,000; water and sewer \$2,150; CTC Debt \$2,910
Other Purchased Services	3,316,440	95,199	2.87	Increases: Transportation 2% contract incr. \$26,859, CTC tuition \$18,030, charter school & other tuition 5% incr. \$43,910, property and liability insur. \$6,400
Supplies	1,587,060	8,150	0.51	Increases: Natural gas \$6,150; gasoline \$2,000
Equipment	805,020	(232,000)	(28.82)	Savings: Music Department - band uniforms \$70,000 in 2019-20; Technology budget - items purchased with assigned fund balance \$162,000
Dues & Memberships	48,050	170	0.35	Strasburg Borough proposed 6% increase for 2020
Debt - Interest & Principal	5,982,380	53,020	0.89	known debt structure increase
Real Estate Tax Refunds - Prior Years	-	-	0.00	
Transfer to Capital Reserve	600,000	(600,000)	(100.00)	recommending \$600,000 transfer in 2019-20 and no budgeted transfer for 2020-21
Budgetary Reserve	-	400,000	0.00	Budgetary Reserve
Total Budget Difference:	55,351,340	1,493,019	2.70	

Five-Year Budget Projection

Five-Year Projection – Assumptions

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Assessment Growth	0.75%	1.35%	0.75%	0.75%	0.75%	0.75%
Tax Rate Increase	1.70%	3.00%	1.90%	1.90%	1.90%	1.90%
EIT Growth	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Basic Education Subsidy Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Retirement Contribution Rate	34.29%	34.77%	35.19%	35.84%	36.30%	37.00%
Wage Increases	3.30%	3.20%	3.00%	3.00%	3.00%	3.00%
Medical Increase	8.00%	8.00%	7.00%	7.00%	7.00%	7.00%
Special Ed Contract Increase	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Tuition to Private Schools Increase	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
CTC Tuition Increase	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Utilities Increase	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Transportation Contract Increase	2.00%	2.00%	2.00%	2.50%	2.50%	2.50%
Textbook Adoptions	0	0	222,000	0	0	0
Transfer to Cap Reserve (Debt Service savings)	0	0	2,910,670	4,972,409	4,972,409	4,972,409

Five-Year Budget Projection

	Projected Actual	Projected Budgets				
		3.00%	1.90%	1.90%	1.90%	1.90%
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
TOTAL REVENUES	54,609,260	56,067,018	57,024,716	58,331,161	59,833,172	61,407,953
TOTAL EXPENDITURES & OTHER FINANCING USES	55,351,340	56,844,358	58,226,682	60,074,262	61,711,068	63,559,519
BASELINE OPERATING BALANCE	(742,080)	(777,340)	(1,201,967)	(1,743,101)	(1,877,896)	(2,151,567)
TOTAL FUND BALANCE (Beginning of Year)	7,752,052	7,009,972	6,232,632	5,030,665	3,287,564	1,409,668
TOTAL FUND BALANCE (End of Year)	7,009,972	6,232,632	5,030,665	3,287,564	1,409,668	(741,899)

Notes

2019-20 expenditures include \$600,000 recommended transfer to Capital Reserve and \$210,000 one-time expense from the Assigned for Technology Fund Balance

Unspent budgetary reserve will improve the baseline operating balance. Budgetary reserve is projected at \$400,000 each year.

In addition to budgetary reserve, the conservative budget approach may also improve the projected baseline operating balance.

Items from the Committee