

# **Finance Committee Meeting**

## **April 12, 2022**

# **Meeting Agenda**

- 1. L-S Debt Profile Review, Projections and Recommendation**
- 2. Food Service Program Update**
- 3. 2021-22 Projected Budget Outcome**
- 4. 2022-23 General Fund Budget and Five-Year Projections**
- 5. Items from the Committee and Community Input**

# Lampeter-Strasburg School District

## Raymond James Public Finance

April 12, 2022



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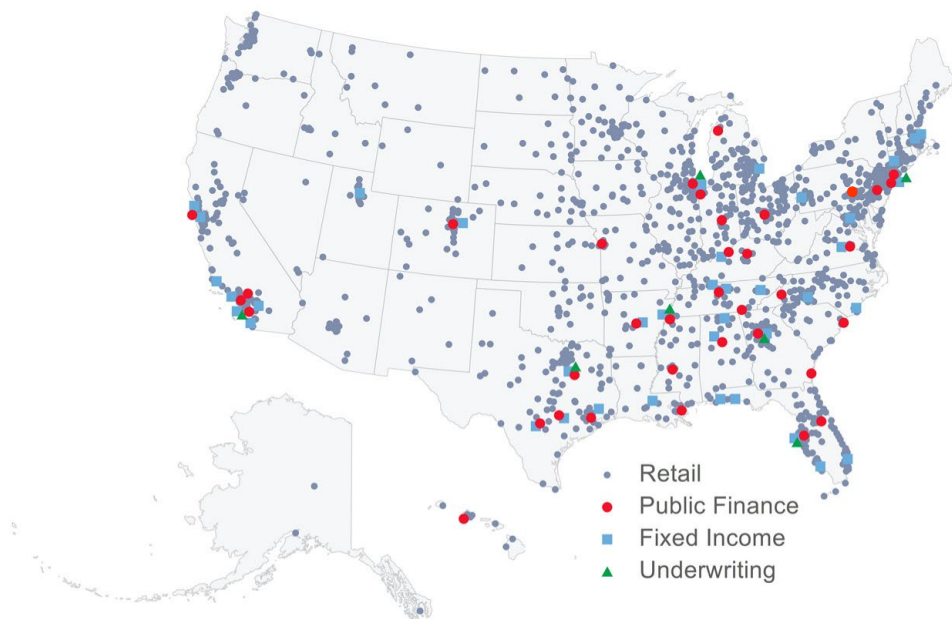
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**RAYMOND JAMES**

## NATIONAL PRESENCE



*Raymond James is headquartered in St. Petersburg, Florida*

**Raymond James Public Finance is consistently ranked as a Top 10 senior managing underwriter nationally\***

## BY THE NUMBERS:

<b>170+</b>	Public Finance professionals
<b>36</b>	Office locations nationwide
<b>300+</b>	Institutional Fixed Income sales and trading professionals
<b>8,400</b>	Financial advisors

## AREAS OF EXPERTISE:

- General Obligation
- Non-Ad Valorem Revenues
- POBs/OPEB
- School Districts
- Special Districts
- Successor Agencies
- Taxable Financings
- Tobacco Securitization
- Healthcare
- Higher Education
- Housing
- Privatized Student Housing
- Public Power
- Transportation and Aviation
- Utilities
- Water and Sewer

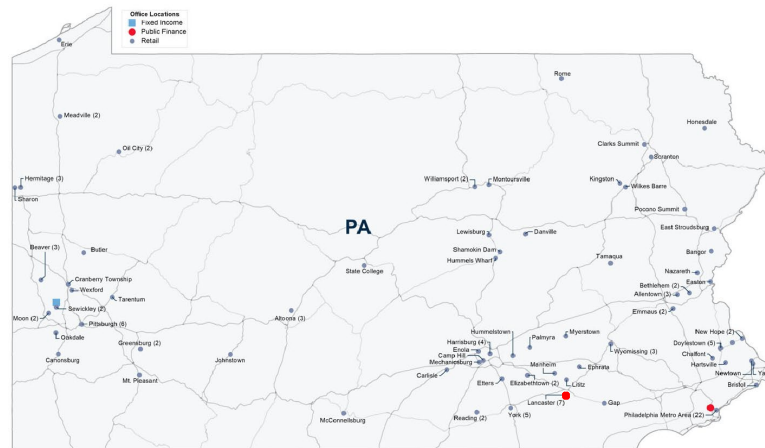
\*Source: Bloomberg, based on total par amount (2015-2021)

## RAYMOND JAMES – PENNSYLVANIA TEAM

PUBLIC FINANCE

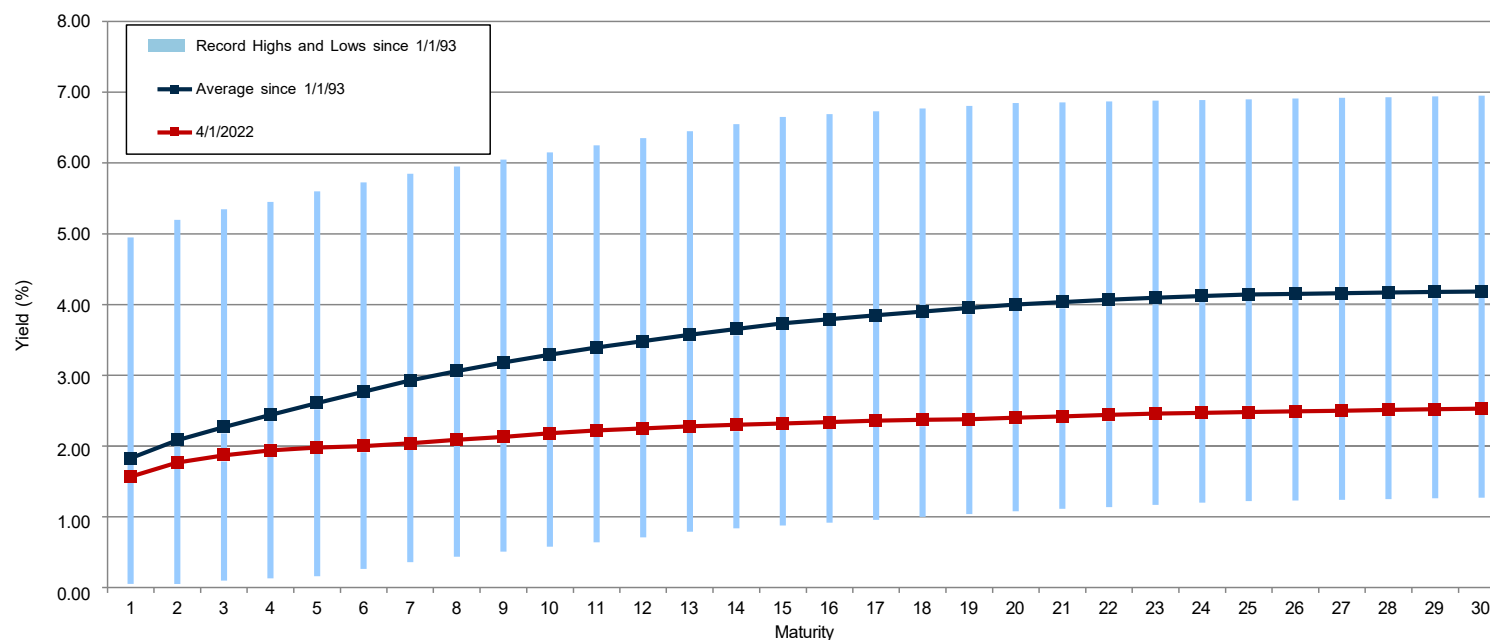
Staff	Title	Experience	Email Address
Jim Tricoli	Managing Director	35 years	<a href="mailto:Jim.Tricoli@raymondjames.com">Jim.Tricoli@raymondjames.com</a>
Ken Phillips	Managing Director	39 years	<a href="mailto:Ken.Phillips@raymondjames.com">Ken.Phillips@raymondjames.com</a>
Scott Kramer	Managing Director	29 years	<a href="mailto:Scott.Kramer@raymondjames.com">Scott.Kramer@raymondjames.com</a>
Lou Verdelli	Managing Director	29 years	<a href="mailto:Lou.Verdelli@raymondjames.com">Lou.Verdelli@raymondjames.com</a>
Lauren Stadel	Managing Director	16 years	<a href="mailto:Lauren.Stadel@raymondjames.com">Lauren.Stadel@raymondjames.com</a>
Allison Macchi	Managing Director	15 years	<a href="mailto:Allie.Macchi@raymondjames.com">Allie.Macchi@raymondjames.com</a>
Ryan Brockman	Vice President	9 years	<a href="mailto:Ryan.Brockman@raymondjames.com">Ryan.Brockman@raymondjames.com</a>
Patrick McGann	Vice President	9 years	<a href="mailto:Patrick.McGann@raymondjames.com">Patrick.McGann@raymondjames.com</a>
Cindy Slomske	Associate	25 years	<a href="mailto:Cindy.Slomske@raymondjames.com">Cindy.Slomske@raymondjames.com</a>
Olivia Atlasik	Associate	5 years	<a href="mailto:Olivia.Atlasik@raymondjames.com">Olivia.Atlasik@raymondjames.com</a>
Ashley Nguyen	Analyst	2 years	<a href="mailto:Ashley.Nguyen@raymondjames.com">Ashley.Nguyen@raymondjames.com</a>
Megan Pinker	Senior Administrative Assistant	5 years	<a href="mailto:Megan.Pinker@raymondjames.com">Megan.Pinker@raymondjames.com</a>
<b>Total Experience:</b>		<b>217 years</b>	

<b>2</b>	Public Finance offices
<b>12</b>	Public Finance professionals
<b>150</b>	Office locations
<b>340</b>	Financial advisors
<b>518</b>	Pennsylvania associates
<b>168,296</b>	Retail accounts
<b>\$39.3B</b>	Under management



## HISTORICAL AAA MMD RATES

- The graph below shows the range between the record highs and lows of AAA MMD at each maturity since 1993, along with average rates over this time frame and the current rates.
- AAA MMD rates set multiple record lows throughout the entire curve on August 7<sup>th</sup>, 2020.



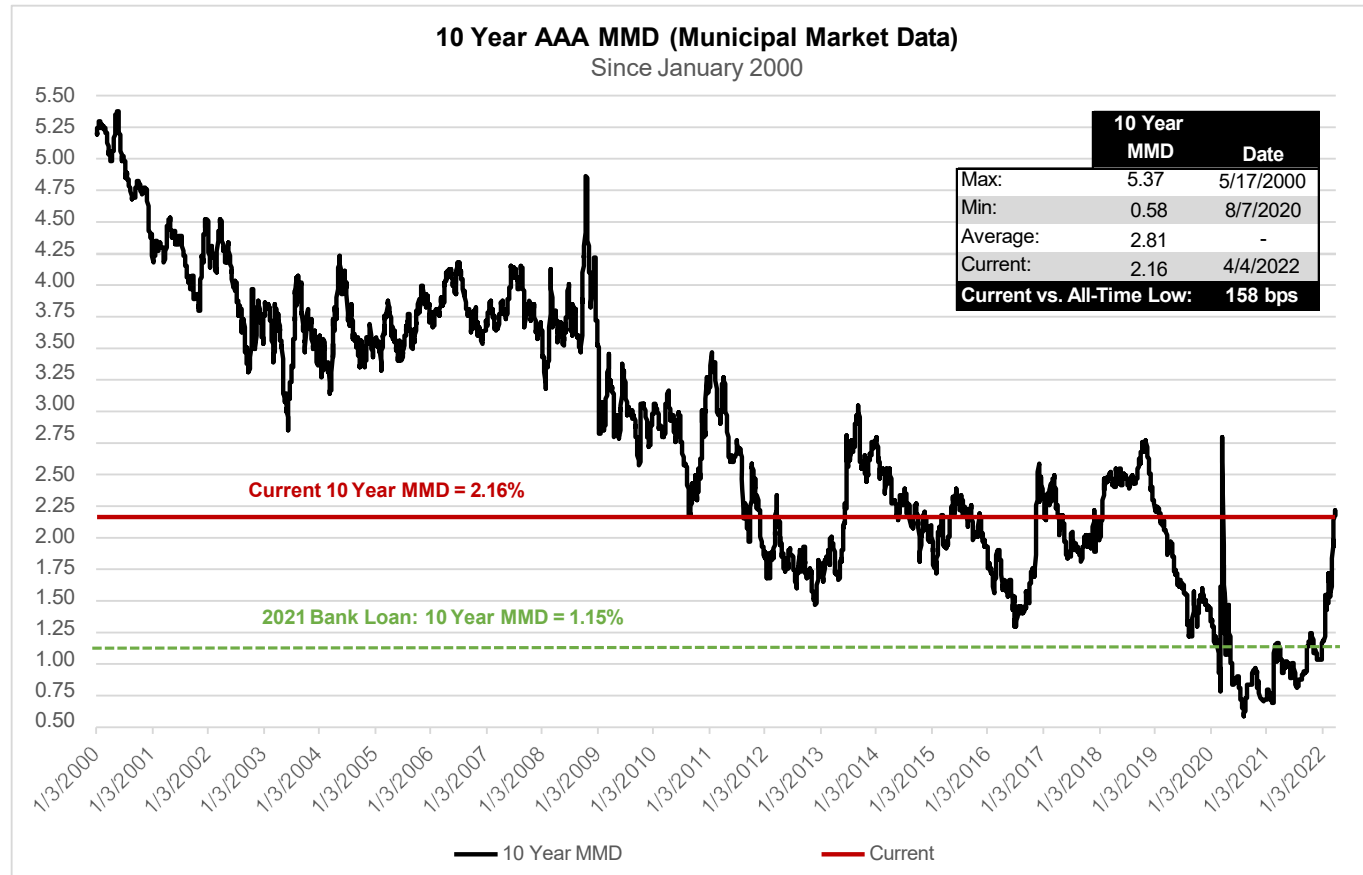
	1	5	10	15	20	25	30
Record Low since 1/1/93	0.05	0.16	0.58	0.88	1.08	1.22	1.27
Record High since 1/1/93	4.95	5.60	6.15	6.65	6.85	6.90	6.95
Average since 1/1/93	1.83	2.61	3.29	3.73	4.00	4.14	4.18
Current (04/01/22)	1.57	1.98	2.18	2.32	2.40	2.48	2.53

## INTEREST RATE HISTORY

PUBLIC FINANCE

**MMD stands for Municipal Market Data; which is the daily index off of which all municipal bonds are priced.**

Interest Rate History (2000 - YTD)



## GENERAL OBLIGATION BOND DEBT PROFILE – GROSS DEBT SERVICE

PUBLIC FINANCE

Gross Debt Service (Prior to State Reimbursement)	(1) Fiscal Year Ending	(2) 2002 Fixed DeVal Loan	(3) 2002 Variable DeVal Loan	(4) G.O. Note Series of 2017	(5) G.O. Bond Series of 2021	(6) Total Gross Debt Service
	6/30/2022	601,382	531,004	2,687,189	117,943	3,937,517
	6/30/2023	0	0	630,613	1,518,143	2,148,756
	6/30/2024	0	0	632,117	1,514,562	2,146,679
	6/30/2025	0	0	628,260	1,520,781	2,149,040
	6/30/2026	0	0	629,161	1,516,667	2,145,828
	6/30/2027	0	0	624,701	1,522,353	2,147,054
	6/30/2028	0	0	0	2,107,706	2,107,706
	TOTALS	601,382	531,004	5,832,040	9,818,154	16,782,580

Issue Details	Principal Outstanding <sup>[1]</sup> :	\$0	\$0	\$2,930,000	\$9,245,000	\$12,175,000
	Purpose:	NM	NM	CR 2011, NM	NM	
	Call Date:	Non-Callable	Non-Callable	3/1/2023	Anytime	
	Avg. Coupon:	2.64%	2.01%	2.41%	1.33%	
	Reimb %:	21.85%	21.85%	11.24%	0.00%	
	21/22 CARF%	41.76%	41.76%	41.76%	41.76%	
	School Share:	90.88%	90.88%	95.31%	100.00%	
	State Share:	9.12%	9.12%	4.69%	0.00%	

Purpose Codes: NM = New Money CR = Current Refunding

[1] Outstanding principal as of April 4, 2022



## GENERAL OBLIGATION BOND DEBT PROFILE – NET DEBT SERVICE

PUBLIC FINANCE

Net Debt Service (After State Reimbursement)	(7)	(8)	(9)	(10)	(11)	(12)
	Fiscal Year Ended	2002 Fixed DelVal Loan	2002 Variable DelVal Loan	G.O. Note Series of 2017	G.O. Bond Series of 2021	Total Net Debt Service
	6/30/2022	546,509	482,552	2,561,057	117,943	3,708,060
	6/30/2023	0	0	601,013	1,518,143	2,119,157
	6/30/2024	0	0	602,447	1,514,562	2,117,009
	6/30/2025	0	0	598,770	1,520,781	2,119,551
	6/30/2026	0	0	599,629	1,516,667	2,116,296
	6/30/2027	0	0	595,379	1,522,353	2,117,731
	6/30/2028	0	0	0	2,107,706	2,107,706
	TOTALS	546,509	482,552	5,558,294	9,818,154	16,405,509

Issue Details	Principal Outstanding <sup>[1]</sup> :	\$0	\$0	\$2,930,000	\$9,245,000	\$12,175,000
	Purpose:	NM	NM	CR 2011, NM	NM	
	Call Date:	Non-Callable	Non-Callable	3/1/2023	Anytime	
	Avg. Coupon:	2.64%	2.01%	2.41%	1.33%	
	Reimb %:	21.85%	21.85%	11.24%	0.00%	
	21/22 CARF%	41.76%	41.76%	41.76%	41.76%	
	School Share:	90.88%	90.88%	95.31%	100.00%	
	State Share:	9.12%	9.12%	4.69%	0.00%	

Purpose Codes: NM = New Money CR = Current Refunding

[1] Outstanding principal as of April 4, 2022

# CAPITAL PROJECT FINANCING REVIEW – EARLY CHILDHOOD CENTER PROJECT

PUBLIC FINANCE

1	2	3	4	5	6	7	8	9	10	11
Fiscal Year Ending June 30	Total Net Outstanding D/S (1)	<b>FINAL</b> Series 2021 \$9,175,000 Project Fund Net D/S (2)	<b>PROPOSED</b> Series of 2022 \$15,000,000 Project Fund Net D/S (3)	Less: Interest Earnings/SD Reserves	Total Net D/S	Value of 1 Mil (4)	New Mills Required	Total Mills in Place (5)	Dollars Appropriated	Budget Surplus (Defecit)
2022	3,590,117	117,943			3,708,060	2,149,187	0.000	2.60	5,587,886	1,879,826
2023	601,013	1,518,143	458,357		2,577,513	2,165,306	0.000	2.60	5,629,795	3,052,282
2024	602,447	1,514,562	594,000		2,711,009	2,181,546	0.000	2.60	5,672,019	2,961,010
2025	598,770	1,520,781	593,800		2,713,351	2,197,907	0.000	2.60	5,714,559	3,001,208
2026	599,629	1,516,667	593,600		2,709,896	2,214,392	0.000	2.60	5,757,418	3,047,522
2027	595,379	1,522,353	593,400		2,711,131	2,231,000	0.000	2.60	5,800,599	3,089,468
2028		2,107,706	593,200		2,700,906	2,247,732	0.000	2.60	5,844,103	3,143,198
2029			1,978,000		1,978,000	2,264,590	0.000	2.60	5,887,934	3,909,934
2030			1,977,400		1,977,400	2,281,574	0.000	2.60	5,932,094	3,954,694
2031			1,974,600		1,974,600	2,298,686	0.000	2.60	5,976,584	4,001,984
2032			1,974,600		1,974,600	2,315,926	0.000	2.60	6,021,409	4,046,809
2033			1,977,200		1,977,200	2,333,296	0.000	2.60	6,066,569	4,089,369
2034			1,977,200		1,977,200	2,350,796	0.000	2.60	6,112,068	4,134,868
2035			1,979,600		1,979,600	2,368,427	0.000	2.60	6,157,909	4,178,309
2036			1,979,200		1,979,200	2,386,190	0.000	2.60	6,204,093	4,224,893
2037			1,976,000		1,976,000	2,404,086	0.000	2.60	6,250,624	4,274,624
2038					-	2,422,117	0.000	2.60	6,297,504	6,297,504
2039					-	2,440,283	0.000	2.60	6,344,735	6,344,735
2040					-	2,458,585	0.000	2.60	6,392,320	6,392,320
2041					-	2,477,024	0.000	2.60	6,440,263	6,440,263
2042					-	2,495,602	0.000	2.60	6,488,565	6,488,565
2043					-	2,514,319	0.000	2.60	6,537,229	6,537,229
2044					-	2,533,176	0.000	2.60	6,586,258	6,586,258
2045					-	2,552,175	0.000	2.60	6,635,655	6,635,655
2046					-	2,571,316	0.000	2.60	6,685,423	6,685,423
2047					-	2,590,601	0.000	2.60	6,735,563	6,735,563
<b>TOTAL</b>	<b>6,587,355</b>	<b>9,818,154</b>	<b>21,220,157</b>	<b>-</b>	<b>37,625,665</b>		<b>0.000</b>			

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

(2) Actual Series of 2021, \$9,250,000 New Money Dated April 1, 2021. Fixed at 1.332%. Local Effort 100%. Produced \$9.175MM for project.

(3) Proposed Series of 2022, \$14,730,000 New Money Dated May 24, 2022. Current rates + .50% contingency. Local Effort 100%. Produces \$15MM for project.

(4) FY 2019-20 mill is worth \$2,117,308 and grows at a rate of .75% a year per the administration as of January 2020.

(5) Mills in place for prior debt.

# CAPITAL PROJECT FINANCING REVIEW – EARLY CHILDHOOD CENTER & FUTURE RENOVATIONS PUBLIC FINANCE

1	2	3	4	5	6	7	8	9	10	11	12	13	14
Fiscal Year Ending June 30	Total Net Outstanding D/s (1)	<b>FINAL</b> Series 2021 \$9,175,000 Project Fund Net D/s (2)	<b>PROPOSED</b> Series of 2022 \$15,000,000 Project Fund Net D/s (3)	<b>PROPOSED</b> Series of 2023 \$25,000,000 Project Fund Net D/s (4)	<b>PROPOSED</b> Series of 2024 \$25,000,000 Project Fund Net D/s (5)	<b>PROPOSED</b> Series of 2025 \$25,000,000 Project Fund Net D/s (6)	Less: Interest Earnings/SD Reserves	Total Net D/s	Value of 1 Mil (7)	New Mills Required	Total Mills in Place (8)	Dollars Appropriated	Budget Surplus (Deficit)
2022	3,590,117	117,943						3,708,060	2,149,187	0.000	2.60	5,587,886	1,879,826
2023	601,013	1,518,143	458,357					2,577,513	2,165,306	0.000	2.60	5,629,795	3,052,282
2024	602,447	1,514,562	594,000	1,236,483				3,947,492	2,181,546	0.090	2.69	5,868,358	1,920,866
2025	598,770	1,520,781	593,800	1,235,800	1,511,867			5,461,018	2,197,907	0.090	2.78	6,110,182	649,165
2026	599,629	1,516,667	593,600	1,242,400	1,509,600	1,345,500	452,092	6,355,304	2,214,392	0.090	2.87	6,355,304	0
2027	595,379	1,522,353	593,400	1,238,400	1,515,400	1,344,200	205,373	6,603,758	2,231,000	0.090	2.96	6,603,759	0
2028		2,107,706	593,200	1,249,200	1,515,200	1,342,600		6,807,906	2,247,732	0.090	3.05	6,855,583	47,677
2029			1,978,000	1,969,200	1,514,200	1,345,600		6,807,000	2,264,590	0.000	3.05	6,907,000	100,000
2030			1,977,400	1,970,000	1,517,400	1,343,000		6,807,800	2,281,574	0.000	3.05	6,958,802	151,002
2031			1,974,600	1,974,200	1,514,600	1,345,000		6,808,400	2,298,686	0.000	3.05	7,010,993	202,593
2032			1,974,600	1,976,600	1,511,000	1,346,400		6,808,600	2,315,926	0.000	3.05	7,063,576	254,976
2033			1,977,200	1,972,200	1,516,600	1,342,200		6,808,200	2,333,296	0.000	3.05	7,116,552	308,352
2034			1,977,200	1,971,200	1,516,000	1,342,600		6,807,000	2,350,796	0.000	3.05	7,169,926	362,926
2035			1,979,600	1,968,400	1,514,400	1,347,400		6,809,800	2,368,427	0.000	3.05	7,223,701	413,901
2036			1,979,200	1,968,800	1,516,800	1,346,400		6,811,200	2,386,190	0.000	3.05	7,277,879	466,679
2037			1,976,000	1,972,200	1,513,000	1,349,800		6,811,000	2,404,086	0.000	3.05	7,332,463	521,463
2038				3,948,400	1,513,200	1,347,400		6,809,000	2,422,117	0.000	3.05	7,387,456	578,456
2039				3,948,400	1,517,200	1,344,400		6,810,000	2,440,283	0.000	3.05	7,442,862	632,862
2040				3,948,400	1,514,800	1,345,800		6,808,600	2,458,585	0.000	3.05	7,498,684	690,084
2041				3,952,000	1,511,200	1,346,400		6,809,600	2,477,024	0.000	3.05	7,554,924	745,324
2042					5,461,400	1,346,200		6,807,600	2,495,602	0.000	3.05	7,611,586	803,986
2043					5,462,200	1,345,200		6,807,400	2,514,319	0.000	3.05	7,668,673	861,273
2044					5,465,200	1,343,400		6,808,600	2,533,176	0.000	3.05	7,726,188	917,588
2045						6,810,800		6,810,800	2,552,175	0.000	3.05	7,784,134	973,334
2046						6,808,600		6,808,600	2,571,316	0.000	3.05	7,842,515	1,033,915
2047						6,806,800		6,806,800	2,590,601	0.000	3.05	7,901,334	1,094,534
<b>TOTAL</b>	<b>6,587,355</b>	<b>9,818,154</b>	<b>21,220,157</b>	<b>39,741,883</b>	<b>42,131,267</b>	<b>45,985,700</b>	<b>657,465</b>	<b>164,827,050</b>		<b>0.450</b>			

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

(2) Actual Series of 2021, \$9,250,000 New Money Dated April 1, 2021. Fixed at 1.332%. Local Effort 100%. Produced \$9.175MM for project.

(3) Proposed Series of 2022, \$14,730,000 New Money Dated May 24, 2022. Current rates + .50% contingency. Local Effort 100%. Produces \$15MM for project.

(4) Proposed Series of 2023, \$25,765,000 New Money Dated February 1, 2023. Current rates + 1.00% contingency. Local Effort 100%. Produces \$25MM for project.

(5) Proposed Series of 2024, \$26,120,000 New Money Dated February 1, 2024. Current rates + 1.00% contingency. Local Effort 100%. Produces \$25MM for project.

(6) Proposed Series of 2025, \$26,550,000 New Money Dated February 1, 2025. Current rates + 1.00% contingency. Local Effort 100%. Produces \$25MM for project.

(7) FY 2019-20 mill is worth \$2,117,308 and grows at a rate of .75% a year per the administration as of January 2020.

(8) Mills in place for prior debt.

The information contained herein is solely intended to facilitate discussion of potentially applicable financing applications and is not intended to be a specific buy/sell recommendation, nor is it an official confirmation of terms. Any terms discussed herein are preliminary until confirmed in a definitive written agreement. While we believe that the outlined financial structure or marketing strategy is the best approach under the current market conditions, the market conditions at the time any proposed transaction is structured or sold may be different, which may require a different approach.

The analysis or information presented herein is based upon hypothetical projections and/or past performance that have certain limitations. No representation is made that it is accurate or complete or that any results indicated will be achieved. In no way is past performance indicative of future results. Changes to any prices, levels, or assumptions contained herein may have a material impact on results. Any estimates or assumptions contained herein represent our best judgment as of the date indicated and are subject to change without notice. Examples are merely representative and are not meant to be all-inclusive.

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# **Food Service Program Update**

# Unprecedented Times

1. **Students return to fully in-person instruction**
2. **USDA passes meal waivers for School Food Authorities**
3. **Every student may receive 1 free breakfast meal and 1 free lunch meal per day**
4. **Reimbursement rates rise to:**
  - a) \$4.5625 for lunch from \$3.31(free), \$2.91(reduced) and \$.30(paid)
  - b) \$2.6050 for breakfast from \$1.79(free), \$1.49(reduced) and \$.30(paid).
5. **Supply chain disruptions lead to challenges getting the food to feed the students**
6. **Labor shortage has the department running approximately 5 positions short (down from a peak of 8-9)**
7. **Longer hours and overtime for some team members**



## Participation - YTD February

YTD	Breakfast 2021-22	Breakfast 2018-19	Lunch 2021-22	Lunch 2018-19
High School	18,131 15.96%	6,548 5.47%	58,134 51.17%	50,960 42.55%
Martin Meylin	17,380 23.21%	5,401 6.40%	47,662 63.66%	37,779 44.80%
Hans Herr	28,751 37.47%	7,533 9.93%	55,621 72.48%	40,869 53.87%
Lampeter	13,525 19.88%	5,173 6.64%	35,247 51.82%	31,634 40.63%
TOTAL	77,787 23.34%	24,655 6.89%	196,664 59.01%	161,242 45.06%

# **School Food Service Professionals Lobby for Universal Free Meals**

- 1. There is a huge push to get the USDA to allow free meals to continue**
- 2. Costs continue to rise for SFA's, including food, paper, chemical, repairs and labor**
- 3. Our commodities remain the same at \$99,652.21, however the cost of the items have almost doubled so we only receive about half the quantity of food.**
- 4. Without free meals, reimbursements would drop back to pre-COVID rates:**
  - a) Lunch: free \$3.31, reduced \$2.91, paid \$0.30**
  - b) Breakfast: free \$1.79, reduced \$1.49, paid \$0.30**
- 5. Meal debt may again increase, as families can't afford to pay for lunch and/or breakfast and we are required to provide a meal to all students, regardless if they have money in their accounts.**
- 6. Participation may drop, as families can't afford school lunches furthering the concern that children may go hungry.**



# EXPENSE COMPARISON 2018-19 AND YTD 2021-22

	2018-19 Year-End	YTD February 2021-22
<b>FOOD</b>	<b>518,467.91</b>	<b>514,988.42</b>
<b>LABOR</b>	<b>550,781.06</b>	<b>368,246.16</b>
<b>BENEFITS</b>	<b>220,223.32</b>	<b>159,698.82</b>
<b>PAPER SUPPLIES</b>	<b>35,917.89</b>	<b>45,126.71</b>
<b>SUPPLIES, CHEMICAL/GENERAL</b>	<b>Included above</b>	<b>4,413.37</b>
<b>REPAIRS</b>	<b>20,192.07</b>	<b>32,838.13</b>
<b>OTHER</b>	<b>27,636.62</b>	<b>12,586.22</b>
<b>TOTAL EXPENSES</b>	<b>1,373,218.87</b>	<b>1,137,897.83</b>

# REVENUE COMPARISON 2018-19 AND YTD 2021-22

	2018-19 Year-End	YTD February 2021-22
DAILY SALES – PAID MEALS	445,431.80	0.00
A LA CARTE	376,390.79	176,335.55
SPECIAL FUNCTIONS	31,300.19	7,803.36
FEDERAL & STATE SUBSIDY	475,021.50	1,140,595.86
OTHER	2,468.17	1,327.59
TOTAL REVENUES	1,330,612.45	1,326,062.36
OPERATING PROFIT/(LOSS)	(42,606.42)	188,164.53

# **ANTICIPATED PRICE INCREASES FOR 2022-23 SCHOOL YEAR**

- 1. If free meal waivers are not granted, a price increase will be necessary to offset increased costs to the Food Services program.**
- 2. Waiting on guidance from PDE on the Paid Lunch Equity Calculators for next school year.**
- 3. Current year weighted average per lunch meal is \$3.18. We may not charge more than that price. This will change for next school year.**
- 4. Completion of the Paid Lunch Equity Tool is necessary to set pricing.**
- 5. Anticipated pricing could be: K-5 lunch \$2.80 (from \$2.60), 6-8 \$3.00 (from \$2.80) and 9-12 \$3.20 (from \$3.00). Breakfast pricing could be \$1.75 or higher (from \$1.55). Adult meals would likely rise to at least \$4.50 (from \$4.35).**
- 6. A la carte pricing is anticipated to increase by 15% to 25% depending upon items and costs.**

# **2021-22 Projected Budget Outcome**

# 2021-22 Projected Budget Outcome

## Comparison of Budget to Projected

Account Type	2021-22 Budget	2021-22 Projected	\$ Difference	% Variance to Budget
<b>Total Fund Balance - Beginning</b>	7,370,670	9,590,186	2,219,516	30.11
<b>Revenue</b>				
Local	41,942,557	42,231,948	289,391	0.69
State	13,018,006	13,065,227	47,221	0.36
Federal	464,968	1,296,105	831,137	178.75
<i>Gain / Loss on Investments *</i>	-	(950,000)	(950,000)	-
<b>Total Revenue</b>	55,425,531	55,643,280	217,749	0.39
<b>Expenditures</b>	52,575,621	52,617,222	41,601	0.08
<i>Budgetary Reserve *</i>	480,000	-	(480,000)	(100.00)
<i>Transfer to Food Service *</i>	-	320,000	320,000	-
Transfer to Capital Reserve	3,888,075	3,888,075	-	0.00
<b>Total Expenditures and Transfers</b>	56,943,696	56,825,297	(118,399)	(0.21)
<b>Operating Balance</b>	(1,518,165)	(1,182,017)		
<b>Adjusted Operating Balance *</b>	(1,038,165)	87,983		
<b>Total Fund Balance - Ending</b>	5,852,505	8,408,169		
<b>Assigned for Retirement</b>	1,111,500	1,111,500		
<b>Assigned for Lost Appeals</b>	171,710	171,710		
<b>Assigned for Technology</b>	48,000	32,005		
<b>Assigned for Capital Expenditures</b>	-	1,700,000		
<b>Unassigned Fund Balance</b>	4,521,295	5,392,954		
<b>Total Fund Balance</b>	5,852,505	8,408,169		

# 2021-22 Projected Budget Outcome

## Revenue & Expenditure – Updates from 2/15 Meeting

### REVENUES – Decrease of \$ 727,230

#### *Increases*

- \$ 43,906 State Subsidy Adjustments (Basic Ed, Special Ed, Transportation)
- \$ 171,641 Tax Adjustments (Real Estate, Delinquent, Transfer, Earned Income)
- \$ 10,000 Interest Income
- \$ 26,794 FEMA Grant for prior year COVID expenses
- \$ 7,000 Local Revenue (Admissions, Student Activity Fees)

#### *Decreases*

- \$ 33,327 Social Security Reimbursement (Pre-Tax Deduction Adjustment)
- \$ 3,244 Social Security and Retirement Contributions
- **\$ 950,000 loss on investments related to market value of U.S. Securities**
  - *Will see corresponding gain on investment at maturity in later years*

### EXPENDITURES – Increase of \$ 318,814

#### *Increases*

- **\$ 320,000 Transfer to Food Service to clear historical balance**
- \$ 53,438 Medical Benefits
- \$ 57,535 Employer TSA Contributions (Retirement Benefits)

#### *Decreases*

- \$ 30,000 Substitute Salaries
- \$ 6,488 Social Security and Retirement Contributions
- \$ 66,653 Social Security Contributions (Pre-Tax Deduction Adjustment)
- \$ 9,018 Property Casualty Dividends

# **2022-23 General Fund Budget**

# 2022-23 Budget Schedule

- January 3, 2022 passed Act 1 Index Resolution to not raise taxes more than the adjusted Index of 4.0%
- Important dates on the timeline are:
  - May 2, 2022: The deadline to adopt a 2022-23 Proposed Final Budget (30 days in advance of adopting Final Budget). This is the last scheduled Board Meeting date prior to Commonwealth deadline of May 31, 2022.
  - June 13, 2022: The deadline to adopt a 2022-23 Final Budget. This is the last scheduled Board Meeting date prior to Commonwealth deadline of June 30, 2022.



# 2022-23 General Fund Budget

## Revenue & Expenditure – Updates from 2/15 Meeting

### REVENUES – Increase of \$ 54,386

#### *Increases*

- \$ 72,632 State Subsidy Adjustments (Basic Ed, Special Ed, Transportation)
- \$ 259,002 Tax Adjustments (Real Estate, Delinquent, Transfer, Earned Income)
- \$ 10,000 Interest Income
- \$ 2,000 Local Revenue (Admissions, Student Activity Fees)

#### *Decreases*

- \$ 114,248 Social Security and Retirement Reimbursements
- **\$ 175,000 loss on investments related to market value of U.S. Securities**
  - *Will see corresponding gain on investment at maturity in later years*

### EXPENDITURES – Decrease of \$ 614,614

#### *Increases*

- \$ 57,500 Employer TSA Contributions (Retirement Benefits)

#### *Decreases*

- \$ 298,017 Salary Updates (Retirements, LOA, Column Movements)
- \$ 225,136 Social Security and Retirement Contributions
- \$ 148,961 Medical & Life / LTD Benefits

# 2022-23 General Fund Budget

## 1.9% Millage Increase

Account Type	2021-22 Budget	2021-22 Projected	2022-23 Proposed	Difference	% Change
<b>Total Fund Balance - Beginning</b>	7,370,670	9,590,186	8,408,169	(1,182,017)	(12.33)
<b>Revenue</b>					
Local	41,942,557	42,231,948	43,367,951	1,136,003	2.69
State	13,018,006	13,065,227	13,112,631	47,405	0.36
Federal	464,968	1,296,105	1,195,680	(100,425)	(7.75)
<i>Gain / Loss on Investments *</i>	-	(950,000)	(175,000)	775,000	(81.58)
<b>Total Revenue</b>	55,425,531	55,643,280	57,501,262	1,857,982	3.34
<b>Expenditures</b>	52,575,621	52,617,222	54,390,245	1,773,023	3.37
<i>Budgetary Reserve *</i>	480,000	-	480,000	480,000	-
<i>Transfer to Food Service *</i>	-	320,000	-	(320,000)	(100.00)
Transfer to Capital Reserve	3,888,075	3,888,075	3,431,723	(456,352)	(11.74)
<b>Total Expenditures and Transfers</b>	56,943,696	56,825,297	58,301,968	1,476,671	2.60
<b>Operating Balance</b>	(1,518,165)	(1,182,017)	(800,706)		
<b>Adjusted Operating Balance *</b>	(1,038,165)	87,983	(145,706)		
<b>Total Fund Balance - Ending</b>	5,852,505	8,408,169	7,607,463		
<b>Assigned for Retirement</b>	1,111,500	1,111,500	1,111,500		
<b>Assigned for Lost Appeals</b>	171,710	171,710	171,710		
<b>Assigned for Technology</b>	48,000	32,005	32,005		
<b>Assigned for Capital Expenditures</b>	-	1,700,000	1,700,000		
<b>Unassigned Fund Balance</b>	4,521,295	5,392,954	4,592,248		
<b>Total Fund Balance</b>	5,852,505	8,408,169	7,607,463		
<b>% of Unassigned Fund Balance to Total Expenditures</b>	7.94%	9.49%	7.88%		

# **Five-Year Budget Projection**

# Index and Millage Rate Increase History

	Fiscal Year										Averages	
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	10 Year	5 Year
Act 1 Base Index	1.70	1.70	2.10	1.90	2.40	2.50	2.40	2.30	2.60	3.00	2.26	2.56
Act 1 Adjusted Index for L-S	1.70	2.00	2.50	2.20	2.80	2.90	2.80	2.70	3.00	3.50	2.61	2.98
Percent Increase in L-S Millage	1.70	* 1.90	0.90	1.30	1.90	1.50	1.50	1.70	0.00	1.90	1.43	1.32
Avg Increase Lancaster County Districts	2.36	2.16	2.03	1.71	2.79	2.22	2.15	2.15	0.87	1.75	2.02	1.83

10 out of 10 years - L-S was below or at the index  
 9 out of 10 years - L-S was below the county average

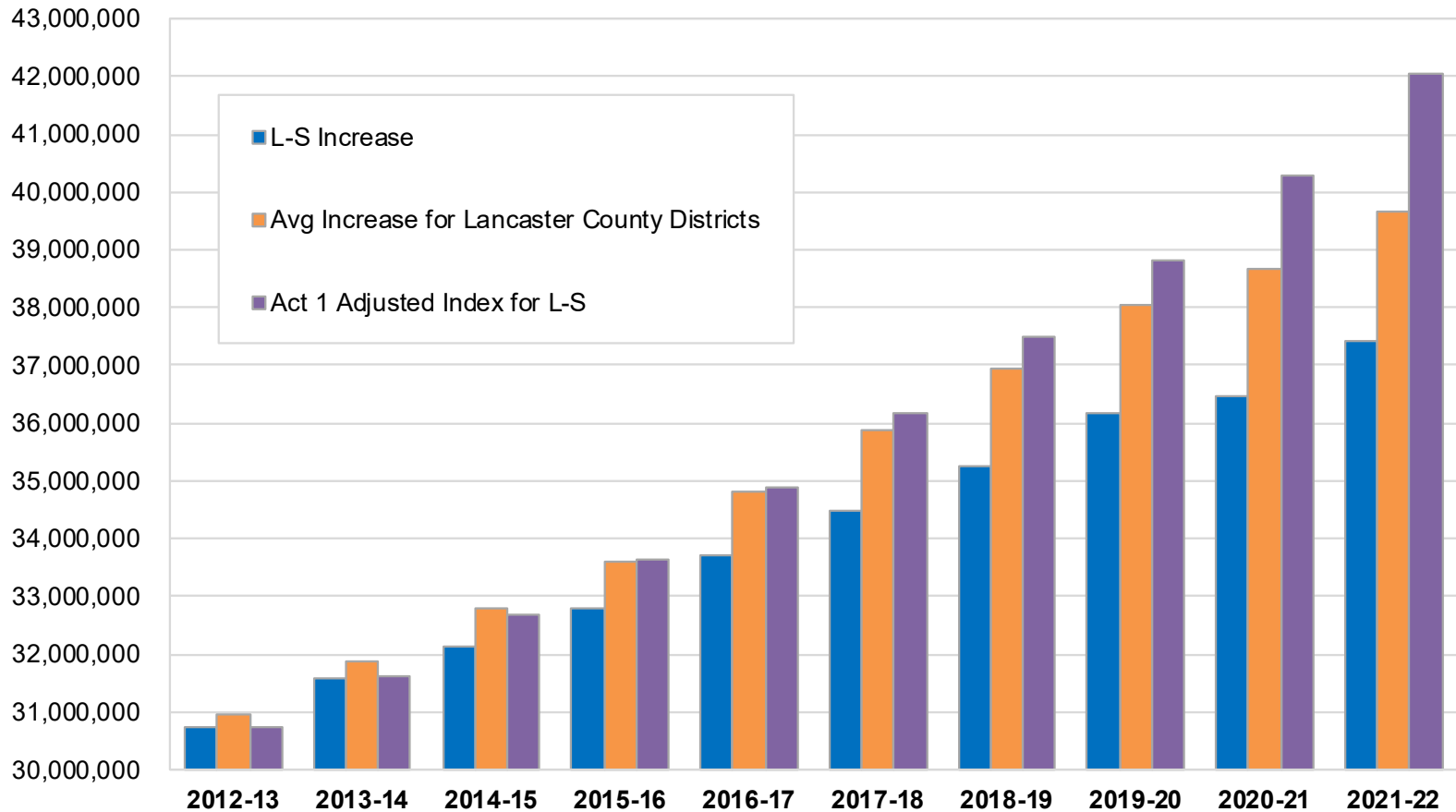
\* 1.26% net increase when factoring in elimination of the per capita tax

The Act 1 base index is calculated by averaging the percent increases in the Pennsylvania Statewide Average Weekly Wage (SAWW) and the Federal Employment Cost Index (ECI) for elementary/secondary schools.

Additionally, for school districts with a market value/personal income aid ratio (MV/PI AR) greater than 0.4000, the value of their index is adjusted upward by multiplying the base index by the sum of 0.75 and their MV/PI AR. For example, if the base index is 2.4% and the school district's MV/PI AR is 0.6000, the school district's adjusted index is  $2.4\% \times (0.75 + 0.6000) = 3.2\%$ .

# Index and Millage Rate Increase History

Impact of Real Estate Tax Millage Increases (Assuming 0.8% Growth Each Year)



L-S vs. County Average	199,584	286,126	654,083	803,370	1,126,704	1,405,491	1,673,083	1,882,727	2,231,408	2,233,510
L-S vs. Act 1 Adjusted	-	31,000	541,499	849,308	1,177,693	1,697,076	2,210,328	2,643,722	3,838,297	4,592,272

Cumulative Increase (L-S vs. County Average) : 12,496,088

Cumulative Increase (L-S vs. Act 1 Adjusted) : 17,581,195

# **Review of Five-Year Variances**

## **Actual vs. Budget**

### **REVENUES**

1. Real Estate Taxes \$141,005 to \$300,893 over budget (0.8%)
2. Earned Income Taxes \$43,092 under to \$136,807 over budget (4%)
3. Transfer Taxes \$4,563 to \$150,653 over budget (33%)
4. Delinquent Taxes \$169,376 under to \$173,188 over budget (36%)
5. Investment Earnings \$71,941 under to \$240,000 over budget (50%)
6. Basic Ed Subsidy \$54 under budget to \$157,752 over budget (4%)

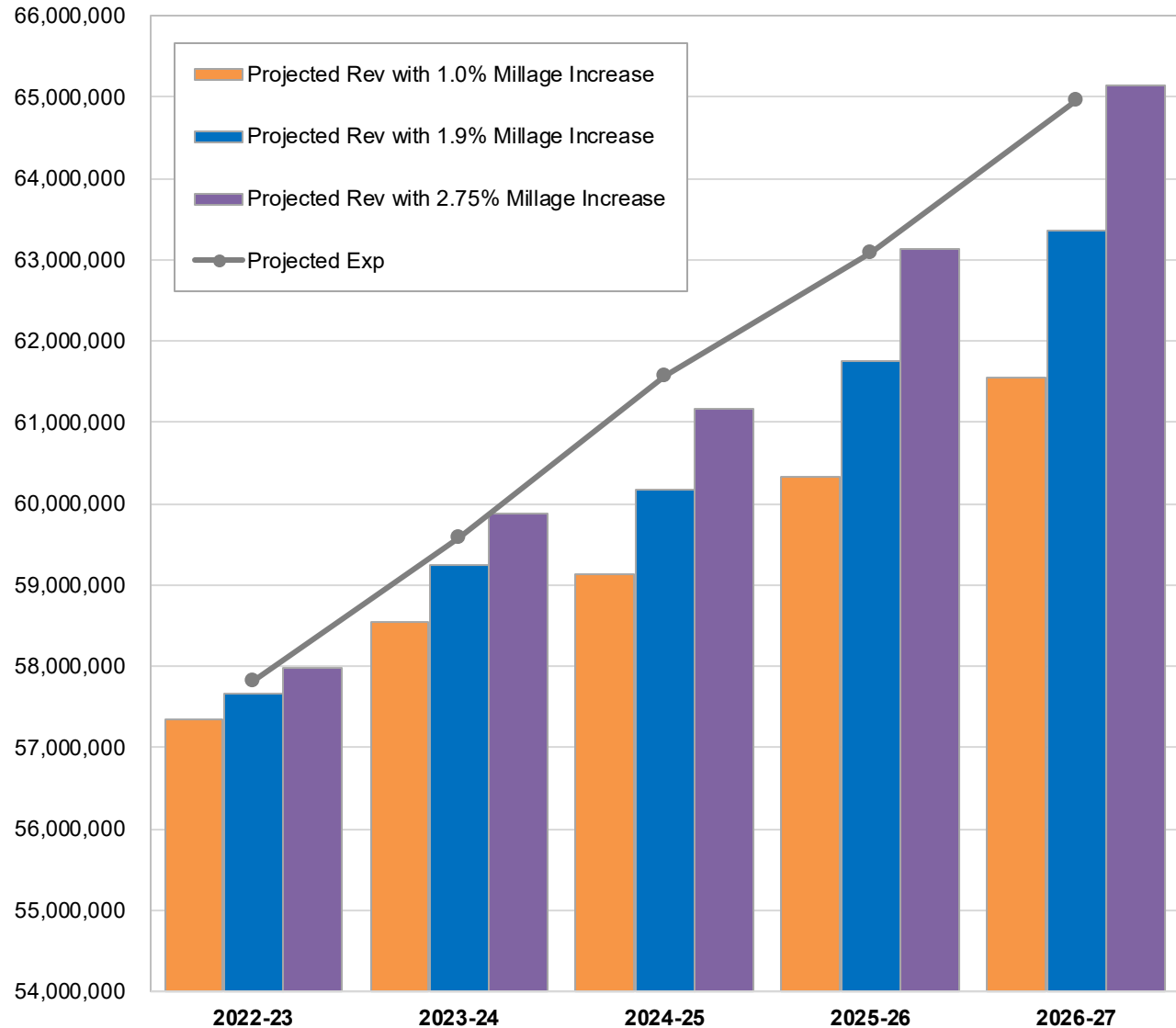
### **EXPENDITURES**

1. Wages \$97,748 to \$340,846 under budget (1.5%)
2. Health Insurance \$171,345 to \$678,005 under budget (11%)
3. Special Ed \$15,470 over to \$224,555 under budget (10%)
4. Charter Schools \$71,971 over to \$61,028 under budget (5%)
5. Utilities \$18,973 to \$175,593 under budget (29%)
6. Budgetary Reserve \$480,000 under budget (100%)

# Five-Year Budget Projection

	2021-2022		2022-23	Factor	Projected				Notes
	Budget	Estimate	Budget		2023-24	2024-25	2025-26	2026-27	
Property Taxes	37,660,372	37,830,715	38,876,718	0.85%	39,941,448	41,035,512	42,159,719	43,314,901	0.85% Assessment Growth, 1.9% Tax Incr
Earned Income Tax	3,400,000	3,550,000	3,620,000	2.90%	3,724,980	3,833,004	3,944,161	4,058,542	
Gain / Loss on Investments *	-	(950,000)	(175,000)		-	320,000	485,000	320,000	
Other Local Revenues	882,185	851,233	871,233		871,233	871,233	871,233	871,233	
Basic Ed Subsidy	4,492,124	4,510,000	4,555,000	2.00%	4,646,100	4,739,022	4,833,802	4,930,478	
Special Ed Subsidy	1,473,252	1,535,000	1,550,000	1.00%	1,565,500	1,581,155	1,596,967	1,612,937	
Transportation Subsidy	762,450	746,406	753,870	1.50%	765,178	776,656	788,306	800,131	
Soc. Sec. Reimb.	893,356	842,182	869,870		927,412	955,234	983,891	1,013,408	tied to wages
PSERS Reimb.	4,089,932	4,079,266	4,232,413		4,477,945	4,654,930	4,855,808	5,042,612	tied to PSERS est rates and wages
Other State Revenues	1,306,892	1,352,373	1,151,478		1,121,878	1,121,878	1,121,878	1,121,878	
Federal Programs	464,968	612,212	601,800		601,800	601,800	601,800	601,800	
ESSER COVID Funds	-	683,893	593,880		593,880	-	-	-	
<b>Total Revenue</b>	<b>55,425,531</b>	<b>55,643,280</b>	<b>57,501,262</b>		<b>59,237,354</b>	<b>60,490,424</b>	<b>62,242,565</b>	<b>63,687,920</b>	
					3.0%	2.1%	2.9%	2.3%	
Wages	23,760,958	23,574,828	24,485,098	3.00%	25,219,651	25,976,241	26,755,528	27,558,194	
Social Security	1,812,605	1,736,821	1,800,799		1,854,823	1,910,468	1,967,782	2,026,815	tied to wages
PSERS	8,179,863	8,158,532	8,490,712		8,955,889	9,309,859	9,711,615	10,085,224	tied to PSERS est rates and wages
Health Insur.	6,340,945	6,073,484	6,292,663	4.00%	6,544,370	6,806,145	7,078,391	7,361,527	
Other Benefits	508,898	655,617	605,484		613,115	620,926	628,924	637,114	
Special Ed	2,580,730	2,855,142	3,038,192	5.00%	3,190,101	3,349,606	3,517,087	3,692,941	
Transportation	1,397,185	1,397,185	1,432,115		1,467,918	1,511,956	1,557,315	1,604,034	Based on Contract thru 2023-34
Charter Tuition	1,252,300	1,316,175	1,320,702	5.00%	1,374,237	1,430,449	1,489,471	1,551,445	
Other Services	2,416,733	2,544,256	2,600,041		2,611,896	2,624,344	2,637,414	2,651,138	
Supplies, Books, Software	1,038,561	1,046,590	1,050,538		1,050,538	1,050,538	1,050,538	1,050,538	
Energy & Fuel	599,150	566,000	573,000		573,000	573,000	573,000	573,000	
Textbook Adoptions	228,840	228,840	32,000		32,000	301,000	25,000	80,000	Per Long Range Plan
Equipment, Dues and Fees	566,033	570,933	520,144		520,144	520,144	520,144	520,144	
Debt Service	1,892,820	1,892,820	2,148,757		2,146,679	2,149,040	2,145,828	2,147,054	
Budgetary Reserve *	480,000	-	480,000		480,000	480,000	480,000	480,000	
Capital Reserve Transfer	3,888,075	3,888,075	3,431,723		3,433,871	3,431,329	3,434,584	3,433,149	
Food Service Transfer *	-	320,000	-		-	-	-	-	
<b>Total Expenses</b>	<b>56,943,696</b>	<b>56,825,297</b>	<b>58,301,968</b>		<b>60,068,232</b>	<b>62,045,045</b>	<b>63,572,621</b>	<b>65,452,317</b>	
					3.0%	3.3%	2.5%	3.0%	
<b>Operating Balance</b>	<b>(1,518,165)</b>	<b>(1,182,017)</b>	<b>(800,706)</b>		<b>(830,878)</b>	<b>(1,554,621)</b>	<b>(1,330,056)</b>	<b>(1,764,397)</b>	
<b>Adjusted Operating Balance *</b>	<b>(1,038,165)</b>	<b>87,983</b>	<b>(145,706)</b>		<b>(350,878)</b>	<b>(1,394,621)</b>	<b>(1,335,056)</b>	<b>(1,604,397)</b>	

# Five-Year Budget Projection



Adjusted Operating Balance 1.00%	(478,605)	(1,032,073)	(2,440,048)	(2,761,210)	(3,428,347)
Adjusted Operating Balance 1.90%	(145,706)	(350,878)	(1,394,621)	(1,335,056)	(1,604,397)
Adjusted Operating Balance 2.75%	168,701	298,024	(390,167)	47,018	178,419



# 2022-23 Real Estate Tax Payment Schedule

	<u>Historical Tax Payment Schedule</u>			<u>2021-2022 Tax Payment Schedule</u>			<u>2022-2023 Tax Payment Schedule</u>		
Tax Bills Mailed	7/1/2019			7/1/2021			7/1/2022 or As Soon As Possible		
End of 2% Discount Period	8/31/2019			9/30/2021			8/31/2022		
Installment Due Dates	8/31/2019,	10/31/2019,	12/31/2019	9/30/2021,	11/15/2021,	12/31/2021	8/31/2022,	10/31/2022,	12/31/2022
Penalty Period Begins	11/1/2019			No Penalty			11/1/2022		
Turnover for Collection	1/15/2020			1/15/2022			1/15/2023		

Tax Collection Services - Continue with Lancaster County Tax Collection Bureau

- Items from the Committee and Community Input

- Next Steps:

- May 2 Board Meeting - Proposed Final Budget
- June 13 Board Meeting – Final Budget