

LAMPETER-STRASBURG SCHOOL DISTRICT
Lampeter, PA 17537

Finance Committee Meeting Minutes
February 15, 2022
6:30 P.M.

Mr. Dustin D. Knarr called the meeting to order at 6:32 p.m.

PRESENT: Board Members: Mr. David J. Beiler, Mr. James H. Byrnes, Mrs. Melissa S. Herr, Mr. Dustin D. Knarr; Mrs. Suzanne S. Knowles, Mr. Matthew E. Parido, Mr. Andrew L. Welk; Superintendent, Dr. Kevin S. Peart; Assistant Superintendent, Dr. Andrew M. Godfrey; Business Manager, Mr. Keith A. Stoltzfus; Assistant Business Manager, Mrs. Amanda M. Allison; and community representative, Mrs. Amanda Roth.

PHASED BORROWING OPTIONS

Mr. Stoltzfus reviewed the two hypothetical debt schedules that were shared at the October 2021 Finance Committee meeting and noted the Federal Reserve's public comments regarding raising interest rates. This will certainly impact the cost of borrowing. The first schedule showed no millage increase with debt through the year 2046. The second schedule showed a minor millage increase spread over 5 years, shortened debt through 2041, and an estimated savings in interest of approximately \$13,400,000. At the upcoming April Finance Committee meeting, the Committee will receive updated schedules from the team at Raymond James to determine when the next round of debt will be secured for the potential early childhood learning center and/or future building renovation projects.

2021-22 PROJECTED BUDGET OUTCOME

Mrs. Allison presented a comparison of the 2021-22 Budget to the 2021-22 Projected Outcome. The projection shows revenue of \$56,370,510 and expenditures of \$56,506,483, with revenue under expenditures of \$135,973. The deficit includes increased expenditures for property insurance, charter school tuition, and special education services. However, the deficit is mitigated by the utilization of Federal ESSER funding and better than expected medical claims.

Mrs. Allison reviewed the information from the October Finance Committee meeting of the Federal ESSER funding that the District has been awarded, along with how it will be spent. She explained which expenditures are being supplanted with Federal funds, as well as highlighted new programs or initiatives. These new initiatives will be evaluated during the grant period to determine which, if any, should be built into the General Fund budget after Federal ESSER funding is exhausted.

2022-23 GENERAL FUND BUDGET

Mrs. Allison shared information and dates pertaining to the 2022-23 Budget Schedule. The Board passed an Act 1 Index Resolution on January 3, 2022, which stated that the millage rate will not be raised by more than the adjusted index of 4.0%. A timeline suggests the Board adopt a 2022-23 Proposed Final Budget at the May 2, 2022, Board meeting and a 2022-23 Final Budget at the June 13, 2022, Board meeting. The next Finance Committee meeting is scheduled for April 12, 2022.

A 2022-23 Budget was presented with a millage increase at the long-term plan rate of 1.9%, a 1.5% increase in earned income taxes, and minor increases for Basic Education and Special Education subsidies. Expenditures included a 4.99% increase to total wages, a 7.0% increase to medical insurance, flat cyber school enrollment, and a textbook renewal of \$32,000. The budget draft shows revenue of \$57,446,876, expenditures of \$55,484,861, a transfer to the Capital Reserve Fund of \$3,431,723, and revenue under expenditures of \$1,469,708. The transfer to the Capital Reserve Fund is recommended in order to maintain the total net debt in the General Fund budget for future projects. The deficit is partly a result of the \$480,000 budgetary reserve.

Mrs. Allison reviewed the District's Act 1 indexes and millage increases for the past 10 ten years. She also highlighted the historical budget to actual results, as well as the funding of Capital Reserve with prior year-end surpluses. There were no funds transferred at year-end into Capital Reserve for 2019-20 or 2020-21. The Committee discussed the various reasons for the favorable discrepancy between budget and actual, including the volatility of state revenue projections, staff vacancies, retirements, and medical claims.

FIVE-YEAR BUDGET PROJECTION

Mr. Stoltzfus shared five-year projections for revenues and expenditures. He highlighted that both the teacher and transportation contracts expire at the end of 2023-24 school year. Five-year projections were shown with 2022-23

millage increases of 0%, 1.50%, 1.90%, and 2.50%. In each scenario, the remaining years had a 1.90% millage increase.

Per Act 1, a budget cannot be passed unless the unassigned fund balance is at or below 8.0% of budgeted expenditures. Mr. Stoltzfus reviewed options to reduce the unassigned fund balance, which is estimated to be \$2,000,000 over the 8.0% threshold. The Committee discussed moving funds to cover historical food service losses and assigning the balance to use for capital expenditures at the Board's discretion.

SCHOOL AGE CHILD CARE (SACC) RATE

Mr. Stoltzfus recommended increasing the School Age Child Care rate from \$4.50 per hour to \$5.00 per hour effective with the 2022-23 school year and continuing to monitor the rate. This increase will help to account for the support staff wage adjustment.

2022-23 REAL ESTATE TAX PAYMENT SCHEDULE

Mr. Stoltzfus recommended returning the real estate tax payment schedule to the historical timeline: discount period through August 31 and penalty period beginning after November 1. He also recommended continuing with the Lancaster County Tax Collection Bureau for the District's tax collection services.

2022-23 CAPITAL RESERVE BUDGET

Mr. Stoltzfus presented the 2022-23 Capital Reserve Fund Budget showing potential projects through the fiscal year 2026-27. It was noted that surpluses from 2019-20 and 2020-21 were not transferred from the General Fund to Capital Reserve. Capital Reserve Fund budget is very similar to prior years and will be impacted by the Board's decisions regarding the Feasibility Study and Critical Capital Projects list.

ADJOURNMENT

The meeting adjourned at 8:25 p.m.