

**LAMPETER-STRASBURG SCHOOL DISTRICT**  
Lampeter, PA 17537

Finance Committee Meeting Minutes  
February 13, 2023  
6:30 p.m.

Mr. Dustin D. Knarr called the meeting to order at 6:31 p.m.

**PRESENT:** Board Members, Mr. James H. Byrnes, Mrs. Melissa S. Herr, Mr. Dustin D. Knarr, Ms. Kelly A. Osborne, Mr. Matthew E. Parido, Mrs. Audra R. Spahn, Mrs. Kari A. Steinbacher, 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; Financial Advisors from Raymond James, Mr. Ken Phillips, Mrs. Lauren Stadel, Mrs. Olivia Atlasik; Community Representatives, Mr. Kevin D. Turner, Dr. Lara Willox; and Teacher, Ms. Amy Beard.

Mr. Knarr began the meeting by introducing Dr. Lara Willox as a potential community representative.

DEBT SERVICE UPDATE

Mr. Phillips, Mrs. Stadel, and Mrs. Atlasik from Raymond James presented the District's current debt profile and anticipated borrowing plans. Two hypothetical debt schedules were shared to illustrate the additional \$75 million in funding of potential projects from the feasibility study. The first schedule showed 0.40 in new mills spread over 5 years with debt through the year 2047. The second schedule showed no millage increase with debt through 2055. The difference in interest savings with the shortened debt and increased mills is estimated at \$29,596,373. These scenarios have improved from the October meeting because interest rates on long-term financing have decreased over the past few months.

The team from Raymond James indicated that the next debt issue in the spring or summer of 2023 could be structured to accommodate either scenario, but a decision on millage impact and length of the term will need to be made before the 2024 issue. Mrs. Herr mentioned that when she makes decisions such as long-term financing, she is making decisions for future board members who will be sitting around the table in 5, 10, or 15 years down the road.

2022-23 PROJECTED BUDGET OUTCOME

Mrs. Allison presented a comparison of the 2022-23 Budget to the 2022-23 Projected Outcome. The projection shows revenue of \$58,907,876 and expenditures of \$57,887,879. This results in revenue over expenditures of \$1,019,998 compared to the original budgeted deficit of \$800,706. The surplus includes several one-time increases to revenues, including increased earned income taxes, transfer taxes from the sale of Kendig Square, additional IDEA funding through the IU13, and increased basic and special education subsidy funding. The District is continuing to record unrealized losses relating to the long-term investments. This loss on investment relates to the market value of U.S Securities and will not be realized if bonds are held until maturity. Future years will show a corresponding increase to revenue for gain on investments as the bonds approach maturity.

Mr. Stoltzfus recommended moving the \$1.8 million variance between the budget and the projection to Assigned for Capital Expenditures to help offset the cost of future capital projects. He noted the variances are one-time funds and the Board's historical preference to cover capital projects with year-to-year excess funds.

SCHOOL AGE CHILD CARE (SACC) RATE

Mrs. Allison shared the history of the SACC tuition rates over the past several years, most recently moving to \$5.00 per hour for the 2022-23 school year. The SACC program is currently running at breakeven, but to adjust for inflation and increased labor costs, the recommendation is to increase the tuition rate to \$5.25 per hour for the 2023-24 school year.

FOOD SERVICE UPDATE

Mrs. Allison shared that although the food service department continues to be impacted by rising food, supply and labor costs, the projected deficit for the year has been trimmed from \$312,000 to \$135,000. The primary factors affecting this improvement are increased federal subsidy rates per meal and the return of universal free breakfasts as of October 1, 2022, this time funded through Pennsylvania subsidies. Mrs. Allison will continue monitoring the financial status of the food service department, and the department will likely need to recommend increasing meal prices for 2023-24.

## 2023-24 GENERAL FUND BUDGET

Mrs. Allison and Mr. Stoltzfus presented the 2023-24 proposed General Fund budget with a 1.9% millage increase. The proposed budget shows revenue of \$60,191,249 and expenditures of \$61,296,386. This results in a deficit of \$1,105,137. Revenues include a 3% increase for earned income taxes, 2% for basic education subsidies, and 5% for transportation subsidies. Expenditures include three proposed new positions as well as a proposed support staff wage adjustment, 10% increase for medical inflation, 50% increase for utilities, and 11% increase for the CTC district payment. Equipment and special budget requests from the buildings and departments were reviewed as well as the technology replacement and textbook adoption cycles. The transfer to the Capital Reserve Fund is recommended 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.

Mr. Stoltzfus shared that a budget cannot be approved unless the percentage of unassigned fund balance to total expenditures is less than or equal to 8.0%. If the previously recommended \$1.8 million is transferred from unassigned to "Assigned for Capital Expenditures," the percentage of unassigned fund balance to total expenditures drops from 10.44% to 7.50%.

## FIVE-YEAR BUDGET PROJECTION

Mr. Stoltzfus shared five-year projections for revenues and expenditures. The District is 75% funded by local revenues and just over 70% of expenses are wages and benefits. The projections include a 1.9% increase to millage for each year. He also highlighted that the teacher contract expires at the end of the 2023-24 school year and administration is uncertain of where negotiations will land. The projected deficit continues to grow over the five-year period to a high of just over \$3 million in 2027-28.

The impact of millage increases to the long-term plan were discussed in relation to not only the five-year projections but also future debt issues for the ongoing feasibility study projects and the one-time funds projected in the current year. A history of millage increases for the District as well as the county average were reviewed, drawing attention to the compounding effect these increases have on future budgets.

## 2023-24 CAPITAL RESERVE FUND BUDGET

Mr. Stoltzfus presented the 2023-24 Capital Reserve Fund Budget showing potential projects through the fiscal year 2027-28. Changes from the prior budget are noted in red. 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.

## ITEMS FROM THE COMMITTEE AND COMMUNITY INPUT

Mr. Knarr announced the next meeting for Tuesday, April 11, 2023, at 6:30 p.m. He asked that the Business Office provide an update on revenues and expenses with a minimum millage increase of 1.9%.

## ADJOURNMENT

The meeting adjourned at 8:18 p.m.