

LAMPETER-STRASBURG SCHOOL DISTRICT
Lampeter, PA 17537

Finance Committee Meeting Minutes
October 23, 2023
6:30 p.m.

Mr. Dustin D. Knarr called the meeting to order at 6:30 p.m.

PRESENT: Board Members: Mr. James H. Byrnes, Mrs. Melissa S. Herr, Mr. Dustin D. Knarr, Mrs. Suzanne S. Knowles, Ms. Kelly A. Osborne, 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; Community Representative, Mr. Kevin D. Turner; Financial Advisors from Raymond James, Mrs. Olivia Atlasik and Mrs. Lauren Stadel; and potential community representative, Mr. Scott Riekers

Mr. Knarr began the meeting by introducing Mr. Scott Riekers as a potential community representative.

L-S DEBT PROFILE REVIEW, PROJECTIONS, AND RECOMMENDATIONS

Mrs. Atlasik and Mrs. Stadel from Raymond James presented the District's current debt profile and anticipated borrowing plans. Three hypothetical debt schedules were shared to illustrate the additional funding needed to complete the remaining projects from the feasibility study. The third scenario presented allows the debt to be phased in over time and accounts for potentially lower future interest rates. This scenario also calls for increased millage over a five-year period. With additional borrowings, the District will be subject to approximately \$60,000 to \$70,000 in duplicate issuance costs. However, if interest rates were to drop 10 basis points the District would realize \$300,000 in interest savings. Phasing the borrowings in over time also allows future amounts to be adjusted as bids are received and interest rates continue to change.

The team from Raymond James will be returning to the February Finance Committee meeting to begin the next stage of the borrowing process. The Buildings and Grounds Committee will be keeping the Board apprised of the status of the Martin Meylin renovation project between now and then. Mrs. Stadel recommended that the committee be ready to commit to borrowing by the February finance committee meeting, allowing the resolution and potential parameters contract for both the Martin Meylin and Hans Herr projects to be presented at the March Board meeting for approval. Including both projects in the parameters contract avoids duplicate legal and advertising costs. There was discussion about how the original cost presented in the feasibility study is likely too low given inflation.

2022-23 PRELIMINARY BUDGET OUTCOME

Mrs. Allison summarized the outcome of the 2022-23 Budget. The General Fund is reporting a positive change in fund balance of \$2,638,540 as of June 30, 2023. Mrs. Allison shared major revenue and expenditure variances in the General Fund.

As a follow-up to a question posed at a previous Committee meeting, the District demographics were presented, highlighting that nearly 92% of the taxable properties are zoned as residential. The split between taxable and exempt properties, as well as those classified as "Clean and Green" under Act 319, were also shared.

Mrs. Allison further explained the fund balances referenced in the 2022-23 audit report, sharing the details within all governmental, proprietary, and fiduciary funds. This summary schedule will be presented after the close of each fiscal year.

2023-24 PROJECTED BUDGET OUTCOME

Mrs. Allison provided an update on the 2023-24 projected budget outcome. The operating balance is now projected to be a surplus of \$855,080. The major revenue and expenditure variances were discussed. Mrs. Allison also reminded the Committee that the Assigned for Lost Appeals balance will be reduced by \$93,000 to account for the lost revenue from the Sight & Sound appeal as well as the Hershey Farms fire. The Assigned for Technology balance was also discussed, noting that Mr. Griscom plans to use these funds for future security related costs.

All remaining ESSER funds are expected to be spent by the end of the current 2023-24 school year, and this increase in revenue is noted on the updated projections. Charter and cyber school enrollments have declined from previous years, and this decrease is reflected as well. In addition, the increase in special education services and placements were discussed, noting that Mrs. Staub does an excellent job of keeping the Business Office apprised of new enrollments or new student placements that would impact the budget.

2024-25 BUDGET DISCUSSION

Mr. Stoltzfus reminded everyone that the main goal of this meeting is to determine if the District can stay below the Act 1 index of 5.3%. He shared that the Act 1 base index is not an arbitrary amount and is calculated by averaging the percent increases in the Pennsylvania Statewide Average Weekly Wage (SAWW) and the Federal Employment Cost Index (ECI) for elementary and secondary schools.

The budget schedule provided is based on the primary election date remaining as originally scheduled. If the primary election date is moved, the January budget dates would need to be moved as well. To avoid these possible date changes, Mr. Stoltzfus recommended that the Board adopt the Resolution to stay at or below the Act 1 index at the upcoming November 6 meeting, rather than waiting until January.

For purposes of the Resolution, the 2024-25 Budget was presented with a millage increase at the Act 1 index of 5.3% and all existing programming to remain in place. Mr. Stoltzfus reviewed the assumptions used in the projection and reminded the Committee that the District is 75% funded by local revenue with 71% of the expenditure total being salaries and benefits. The recently approved Collective Bargaining Agreement contains an average increase in expense of 3% so funding for the increased salary and benefits will need to be covered by changes made to the millage rate and real estate tax revenue. The budget draft shows revenue of \$63,204,522, expenditures of \$60,391,765, and a transfer to the Capital Reserve Fund of \$2,746,729 to maintain level debt funding, resulting in a net surplus of \$66,028. Based on the information presented, the Committee recommended having the Act 1 Resolution on the agenda for approval at the November 6 Board meeting, affirming that the District will stay at or below the Act 1 index of 5.3%.

POLICY REVIEW

Mr. Stoltzfus shared that the District is looking to implement the PSBA's suggested administrative regulations for all applicable Board policies. The five policies and related administrative regulations being reviewed were provided with the meeting agenda. Mr. Stoltzfus reiterated that the administration has reviewed these documents and is only recommending minor changes. As is the practice with the other committees, once all recommended changes are received and reviewed, the updates will be provided at a future meeting for final adoption.

ITEMS FROM THE COMMITTEE

Mr. Knarr reaffirmed with the Committee that they were comfortable moving forward with the Act 1 Resolution in November rather than waiting until January. Future meeting dates were also reviewed for the 2024 calendar year. The next Finance Committee is scheduled for Monday, February 12, 2024.

ADJOURNMENT

The meeting was adjourned at 7:47 p.m.