

LAMPETER-STRASBURG SCHOOL DISTRICT
Lampeter, PA 17537

Finance Committee Meeting Minutes
April 8, 2024
6:30 p.m.

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

PRESENT: Board Members, Mrs. Melissa S. Herr, Mr. Dustin D. Knarr, Mrs. Suzanne S. Knowles, Mr. Dean E. McComsey, Ms. Kelly A. Osborne, Mr. Matthew E. Parido, 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 Representatives, Mr. Scott Riekers, Mr. Kevin D. Turner; and visitors

Mr. Stoltzfus informed the Committee that the District audit firm, BBD, LLP, was recently acquired by WithumSmith+Brown, PC. The audit engagement request that will be presented for approval at the May Board meeting will have the new "Withum" name.

2023-24 PROJECTION & 2024-25 PROPOSED GENERAL FUND BUDGET

Mrs. Allison reviewed the expenditures and revenues with the highest impact to the 2024-25 budget, including the new collective bargaining agreement, upcoming personnel changes, projected increases to special education, transportation, utilities, and property and liability insurance, as well as anticipated increases to earned income tax and state subsidy revenue. Historical references to both expenditures and revenues were reviewed, emphasizing the district's weighted cost of salary and benefits and, in turn, the reliance on local revenue.

Mr. Stoltzfus then shared the projected results for the 2023-24 fiscal year, indicating a surplus of nearly \$862,000. He recommended moving \$800,000 of this surplus to "Assigned for Capital Expenditures." This shift in surplus is intended to boost the cash on hand for upcoming board-approved projects as well as keep the percentage of unassigned fund balance below the mandated 8%. Increasing the available cash balance in "Assigned for Capital Expenditures" is expected to help maintain or improve the district's current credit rating of "AA-." With the upcoming rating call for the Martin Meylin renovation project, an upgrade to the credit rating could save up to \$50,000 per year or over \$1,000,000 for the life of the borrowing.

At the February Committee meeting, a 2.9% millage increase was presented based on maintaining all existing programs and staff. As a result of the upcoming retirements and personnel changes, the proposed millage increase was decreased from 2.9% to 2.5%. This change in the millage rate will still allow for an essentially balanced budget, projecting an adjusted operating deficit of \$280,000 compared to \$63.4 M expenditures.

FIVE-YEAR PROJECTION

Mr. Stoltzfus reviewed the five-year projections, carrying out the 2.5% millage increase each year and accounting for 0.75% real estate growth. The expected deficits for the outer years were discussed, noting that while these projections are conservative, the impact of the new collective bargaining agreement is known for these next five years. Estimates for state subsidies, interest earnings, personnel changes, and special education services are the largest variables when looking ahead. He also shared the IFO Act 1 Index forecast, showing the projected Act 1 Index dropping each year to a low of 3.1% by 2028-29.

The board members discussed the option of using the 2023-24 projected surplus to offset the necessary tax increase for the 2024-25 budget. Mr. Stoltzfus explained that if these one-time funds were used to reduce the millage increase in 2024-25, the tax increase needed in the following years to match the five-year projections may be doubled and would be limited by the Act 1 Index. He also highlighted that the projected increase in expenditures will outpace the projected increase in revenues.

A comparison of per pupil expenditures and the complement of residential versus commercial properties in neighboring districts was discussed. In addition, several board members shared their preference to lessen the impact on taxpayers by passing along smaller increases each year rather than a substantial increase in future year(s). However, there was also concern expressed about the possibility of increases remaining at or above 2.5% given the substantial reliance on property taxes within the current funding formula across the Commonwealth. It was also reiterated that the preference was to minimize large increases in the rate with careful planning.

CAPITAL RESERVE BUDGET

Mr. Stoltzfus reviewed the summary of the capital reserve budget, noting the detailed projects were reviewed March 18 during the Buildings and Grounds Committee meeting.

POLICY REVIEW

Mrs. Allison reviewed policies 609 through 613. She shared the updates to the state bid and quote thresholds and let the Board know that these amounts would be adjusted annually, as noted in policies 610 and 611. In addition, she explained that policy 611 refers to the ability of the District to purchase items above the bid threshold (currently at \$23,200). The policy indicates that purchases above the bid threshold be brought for Board approval. The interpretation of administration and the Board is that purchases subject to bid will be brought for Board approval, but purchases above the bid threshold that are not subject to bid, such as utilities, will be reviewed and approved as part of the monthly check registers. This policy will be added to Mr. Stoltzfus's new Board member orientation presentation. Lastly, Mrs. Allison provided a sample list of cooperative purchasing agreements that the Board may see at the June board meeting for approval, as described in the new administrative regulation included with policy 613.

ITEMS FROM THE COMMITTEE

Mr. Knarr asked for the Committee members to share their thoughts on the proposed 2.5% increase and any changes or additional data needed to present the proposed final budget at the upcoming May 6 Board meeting. The consensus was to present the 2.5% increase and allow for the required 30-day public review prior to June 10 Board meeting when the Board anticipates adopting a Final Budget.

Mr. Knarr asked if any members of the public wished to comment and a question regarding the current transportation contract was raised and discussed. The District is entering the first year of a five-year agreement and will need to keep in mind the cost drivers in that service agreement moving forward.

ADJOURNMENT

The meeting was adjourned at 8:01 p.m.