

LAMPETER-STRASBURG SCHOOL DISTRICT
Lampeter, PA 17537

Finance Committee Meeting Minutes
October 28, 2024
6:30 p.m.

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

PRESENT: Board Members, Mrs. Melissa S. Herr, Mr. Dustin D. Knarr, Mr. Dean E. McComsey, Ms. Kelly A. Osborne, Mr. Matthew E. Parido, Mrs. Kristin M. Staley, Mrs. Kari A. Steinbacher,; 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. Knarr began by reminding the Committee that they need to determine by the end of the meeting if the District can stay below the Act 1 index of 4.0%.

2023-24 PRELIMINARY BUDGET OUTCOME

Mrs. Allison summarized the preliminary outcome of the 2023-24 fiscal year. The General Fund is reporting a positive change in fund balance of \$3,101,388. Mrs. Allison shared major revenue and expenditure variances in the General Fund. The largest revenue variance was additional interest income, while the largest expenditure variance was a decrease in health insurance. Given the long range planning initiatives, the Administration recommends moving the year-end surplus to "Assigned for Capital Expenditures" to help offset costs for future projects, bringing this particular assigned fund balance to almost \$10 million.

Mrs. Allison further explained the Federal and State grant differences, referencing the detail included in the appendix. While the District received an additional \$892,000 in grant revenue, namely ESSER, IDEA and PCCD funding, there was also an increase in grant expenditures of \$630,000. The difference between these two amounts represents expenses that were supplanted with grant funds, specifically salaries and benefits through ESSER.

Mr. Stoltzfus and Mr. Knarr clarified that the additional \$700,000 in Early Childhood Center expenses were part of the overall project budget, but the Board had approved up to \$1 million of the general fund for the non-capitalized purchases, such as furniture, supplies and technology equipment.

2024-25 PROJECTED BUDGET OUTCOME

Mrs. Allison provided an update on the 2024-25 projected budget outcome. The operating balance is now projected to be a surplus of \$1,214,763. The major revenue and expenditure variances were discussed, with additional details provided in the appendix. The largest revenue variance was additional Federal and State grant revenue, while the largest expenditure variance was the removal of budgetary reserve and resetting the projection for health insurance after last year's positive results.

Similar to the 2023-24 results, Mrs. Allison shared that the increase in grant revenue was partially offset by an increase in grant expenses. The PCCD grant is being used to supplant salary and benefits for a school psychologist, while the ESSER grant close-out was also able to supplant technology expenses. The additional Ready to Learn grant funds are being used to transition the instructional coaches to full-time and supplanting planned expenses for textbooks, SAP and BCBA services.

Mrs. Allison reiterated that the District is predominantly funded by local revenues, namely real estate taxes, and the largest expense continues to be salaries and benefits, as represented on the pie charts on slide 7.

Ms. Osborne asked if the recently awarded \$1 million grant through the Commonwealth Financing Authority was reflected in the 2024-25 projections. Mr. Stoltzfus explained that these funds are not part of the General Fund budget but instead would be reflected in the Martin Meylin renovation project being funded through the Capital Projects fund.

CAPITAL PROJECT FINANCING

Mr. Stoltzfus highlighted the District's current debt profile, as well as a projected second borrowing for the Martin Meylin renovation project in the summer of 2025. Debt schedules provided by Raymond James are included in the appendix.

2025-26 BUDGET DISCUSSION

Mr. Stoltzfus reviewed the budget schedule, using the deadlines established by PDE to back into District deadlines based on scheduled Board meetings. If the Committee agrees to stay below the Act 1 index of 4.0%, the Board could adopt the required Resolution as early as the November 4 Board meeting.

For purposes of the Act 1 Resolution, the 2025-26 budget was presented with a millage increase at the Act 1 index of 4.0%. Mr. Stoltzfus shared that the budget was created by resetting assumptions based on the prior and current year's results while keeping all staffing and programming the same. The budget draft shows revenue of \$65,612,077, expenditures of \$63,702,387, and a transfer to the Capital Reserve Fund of \$1,952,576 to maintain level debt funding, resulting in a net deficit of \$42,886.

Based on the information presented, the Committee recommended having the Act 1 Resolution on the agenda for approval at the November 4 board meeting, affirming that the District will stay at or below the Act 1 index of 4.0%.

Mr. Stoltzfus shared the historical comparison between the Act 1 index and the District's millage increase over the past 13 years on slide 23. The difference between the Act 1 index and the District's increase has continued to grow. This chart also includes the IFO forecast, showing that the Act 1 index is expected to return to the 3% range within the next few years.

There was additional discussion regarding the projected real estate growth of the District over the next few years. Several Board members, as well as community representatives Mr. Turner and Mr. Riekers, asked that administration look at the expected growth and determine if anything is materialistically different that would warrant adjusting the projections for the coming years. The historical growth of Willow Valley will need to be compared to the projected new residential growth to determine if the historical average of 0.56% is still relevant. Dr. Peart reminded the Committee that the annual growth report will be shared at the upcoming Board meeting to help address some of these questions. In addition, Mr. Stoltzfus indicated that the District has seen an increase in assessment appeals over the past year, which will likely continue until the upcoming 2027 countywide reassessment. All of these factors will be considered when the next iteration of the budget is presented at the February Finance Committee meeting.

POLICY REVIEW

Mrs. Allison reviewed policies 614 through 618. There were no recommended changes to the policies, and the administrative regulations will be added to the policies posted online.

MONTHLY REPORTS

Mr. Stoltzfus provided a summary of monthly reports that are shared at each board meeting. Per policy 616, the check register must be provided monthly. In addition, the financial and treasurer's reports showing the budget-to-actual comparisons continue to provide relevant information on a monthly basis. Mr. Stoltzfus and Mrs. Allison recommend removing the investment report and balance sheet from the monthly distribution. Given that the majority of the District's available fund balance is invested in long-term securities, the investment report shows little to no change from one month to the next. In addition, any interest earned is already being reported on the treasurer's report. Likewise, the balance sheet does not provide a real-time update on liabilities and receivables and is generally only updated at year-end.

Mr. Stoltzfus asked the Committee what changes, if any, they would like to see at each board meeting. Mrs. Herr recommended moving the investment report to an annual basis, which could be presented at the October Finance Committee meeting each year. Given that the balance sheet is already presented annually with the audit report, this report could be removed from the monthly agenda. Mr. Stoltzfus stressed that if there are additional reports or information that anyone is looking to see, he welcomes the suggestions. Mr. Stoltzfus and Mrs. Allison will continue to review what information as well as what format can be shared throughout the school year to avoid surprises at year-end.

ITEMS FROM THE COMMITTEE

Mr. Knarr reaffirmed with the Committee that they were comfortable moving forward with the Act 1 Resolution in November. Future meeting dates were also reviewed for the 2025 calendar year. The next Finance Committee is scheduled for Monday, February 10, 2025.

ADJOURNMENT

The meeting was adjourned at 7:20 p.m.