

Finance Committee Meeting December 11, 2017

Meeting Agenda

1. 2018-19 General Fund Budget
 1. Act 1 Resolution
 2. 2017-18 Projected Outcome
 3. 2018-19 Proposed Budget
 - 2.8% millage rate increase
2. Citizen Participation on Finance Committee
3. Items from the Committee

2018-19 General Fund Budget

Act 1 Resolution

2018-19 General Fund Budget – Act 1 Preliminary Budget or Resolution

- **Upcoming 2018-19 budget deadlines:**
 - January 16, 2018: deadline to adopt resolution indicating that the district will not raise the rate of tax by more than its index (or date by which 2018-19 preliminary budget must be available for public inspection).
 - The 2018-19 base index is 2.4%.
 - Lampeter-Strasburg School District's 2018-19 adjusted index is 2.8%.
 - February 5, 2018 Board Meeting: deadline to adopt a 2018-19 preliminary budget (if a resolution has not been adopted).

2018-19 General Fund Budget – Act 1 Resolution – cont.

A RESOLUTION OF THE LAMPETER-STRASBURG SCHOOL DISTRICT, COUNTY OF LANCASTER, COMMONWEALTH OF PENNSYLVANIA CERTIFYING THAT THE SCHOOL DISTRICT WILL NOT RAISE ANY TAX RATE BY MORE THAN 2.8%.

WHEREAS, under Section 311(a) of the Taxpayer Relief Act of Special Session No. 1 of 2005 (“Act”), the Board of School Directors (“Board”) of the Lampeter-Strasburg School District (“School District”) is required to prepare and adopt a preliminary budget for the 2018/2019 fiscal year of the School District on or before February 14, 2018;

WHEREAS, under Section 311(d) of the Act, the Board is not subject to Section 311(a) of the Act, provided that the Board adopts a resolution stating that the Board will not increase any tax rate by more than the Index for the School District, as defined under the Act and determined by the Pennsylvania Department of Education (“Department”);

WHEREAS, the Index for the School District for the 2018/2019 fiscal year of the School District is 2.8%;

WHEREAS, the Board has determined that there will be no increase in the rate of any tax imposed by the School District in excess of the above Index for the 2018/2019 fiscal year of the School District;

2017-18 General Fund Budget – Act 1 Resolution – cont.

NOW THEREFORE BE IT RESOLVED as follows:

1. The Board certifies that it will not raise the rate of any tax for the support of the School District for the 2018/2019 fiscal year of the School District by more than the Index of 2.8% established by the Department for the School District;
2. The Board certifies that the School District will comply with the procedures as set forth in Section 687 of the Public School Code of 1949 as it relates to the adoption of its proposed and final annual budgets for the 2018/2019 fiscal year of the School District;
3. The Board certifies that increasing any tax at a rate less than or equal to the above Index of 2.8% will be sufficient to balance its final budget for the 2018/2019 fiscal year of the School District;
4. The Board certifies that the School District will submit information on a proposed increase in the rate of any tax levied for the support of the School District to the Department on a uniform form prepared by the Department no later than five (5) days after the adoption of this Resolution;
5. The Board certifies that a copy of this Resolution will be sent to the Department no later than five (5) days after the adoption of this Resolution; and
6. The Board acknowledges that the School District shall not be eligible to seek referendum exceptions under Section 333(f) of the Act.

We hereby certify that the foregoing is a true and correct copy of a Resolution adopted by the Board at a meeting thereof duly and legally held on the 16th of January 2018.

2017-18 Projected Outcome

2017-18 Projected Outcome

	2017-18 Budget	2017-18 Projected	Difference	% Variance to Budget
Total Fund Balance - Beginning	6,180,430	6,180,430		
Revenue:				
Local	38,719,380	39,034,610	315,230	0.81%
State	12,273,040	12,205,170	(67,870)	-0.55%
Federal	470,890	470,890	-	0.00%
Other Financing Sources	0	0	-	
Total:	<u>51,463,310</u>	<u>51,710,670</u>	247,360	0.48%
Expenditures	51,842,040	51,212,010		
Transfer to Capital Reserve	0	77,000		
Total Expenditures and Transfers	<u>51,842,040</u>	<u>51,289,010</u>	553,030	1.07%
Operating Balance:	(378,730)	421,660		
Use of PSERS Stabilization Fund	0	0		
Net Operating Balance:	(378,730)	421,660		
Total Fund Balance - Ending	5,801,700	6,602,090		
Assigned for Retirement	1,300,000	1,300,000		
Assigned for Lost Appeals	470,000	176,780	(reduced by appeals paid during 2017-18)	
Assigned for Technology	554,000	554,000		
Unassigned Fund Balance	<u>3,477,700</u>	<u>4,571,310</u>		
Total Fund Balance	5,801,700	6,602,090		

() = Unfavorable

2017-18 Projected Outcome – cont.

Revenue Differences

Revenue Type	Amount	% Variance to Budget	Comments
Real Estate and Interim Taxes	145,550	0.43%	
Earned Income Taxes	19,750	0.64%	information received from LCTCB
Del Tax, Transf Tax, Public Utility Tax	77,390	7.59%	
Other Local Revenue	72,540	8.38%	
Basic Education Subsidy	6,550	0.16%	Actual subsidy from PDE
Special Education	(33,000)	-2.31%	Actual subsidy from PDE
Rental & Sinking Fund Subsidy	(4,940)	-0.04%	
Other State Subsidies	(36,480)	-0.20%	
Federal Subsidies	0	0.00%	
Total	247,360	0.48%	

() = Unfavorable

2017-18 Projected Outcome – cont.

Expenditure

Account Type	Amount	% Variance to Budget	Comments
Salaries			
Professional	87,290	0.46	Administrative, Teaching , and Salary Exempt staff
Support	<u>(43,280)</u>	(1.28)	
Total:	44,010	0.20	
Benefits			
Social Security	1,740	0.10	
Retirement	14,340	0.20	
Unemployment	10,000	50.00	
Worker's Comp	(15,340)	(8.87)	
Tuition	-	-	
Health Insurance	(58,530)	(1.11)	
Employer Share TSA	<u>-</u>	-	
Total:	(47,790)	(0.33)	

() = Unfavorable

2017-18 Projected Outcome – cont.

Expenditure Differences – cont.

Account Type	Amount	% Variance to Budget	Comments
Purchased Professional Services	142,940	4.80	IU contract savings - changes in enrollment & updated unit costs from IU
Purchased Property Services	85,330	9.62	Savings: Electricity - \$32,530; Water/sewer - \$32,800
Other Purchased Services	36,080	1.21	Savings: CTC tuition \$71,010 (includes \$40,000 subsidy); Increases: Charter School tuition \$21,310, liability & student accident insurance - \$11,010
Supplies	42,140	3.17	Savings: natural gas costs (\$23,140), fuel oil (\$20,000)
Equipment	-	-	
Other Objects - Dues & Memberships	(149,680)	(321.13)	Prior Years' tax refunds due to reassessments & exonerations - reduce fund balance (assignment for appeals)
Other Objects - Debt Interest	37,000	4.96	Savings from 2011 Debt refunding - transfer to Capital Reserve
Other Financing Uses - Debt Principal	40,000	0.80	Savings from 2011 Debt refunding - transfer to Capital Reserve
Transfer to Capital Reserve	(77,000)		Transfer of savings form 2011 debt refunding
Budgetary Reserve	<u>400,000</u>		Unused Budgetary Reserve
Total:	553,030	1.07	

() = Unfavorable

2018-19 General Fund Budget

2018-19 General Fund Budget

Assumptions:

- Millage Increase :
 - Act 1 index of 2.8%
- 0.80% growth in assessment
- 3% increase to Earned Income Tax
- 2% increase to Basic Education Subsidy; 1.7% increase to Special Education Subsidy
- Net 3.33% increase to total salaries
 - 2.75% regular salary increase; includes increases for educational attainment, teachers returning from leaves, and new position (50% speech therapist); reductions for retirements.
- Retirement rate – 33.43% (2.64% increase from 17/18 rate of 32.57%)
- 8% increase to medical insurance
- Textbook adoptions - \$55,000 savings for textbooks.
 - 2017-18 budget for new textbooks: \$80,000
 - 2018-19 budget for new textbooks: \$25,000
- No 2018-19 Capital Reserve Transfer budgeted
 - 2017-18 Transfer is \$77,000 – savings from debt refunding

2018-19 Budget 2.8% millage increase - Index

	2017-18 Budget	2017-18 Projected	2018-19 Proposed	Difference	% Change
Total Fund Balance - Beginning	6,180,430	6,180,430	6,602,090	421,660	6.82
Revenue:					
Local	38,719,380	39,034,610	40,145,490	1,110,880	2.85
State	12,273,040	12,205,170	12,644,550	439,380	3.60
Federal	470,890	470,890	470,890	0	0.00
Other Financing Sources	0	0	0	0	
Total:	<u>51,463,310</u>	<u>51,710,670</u>	<u>53,260,930</u>	1,550,260	3.00
Expenditures	51,842,040	51,212,010	53,574,950		
Transfer to Capital Reserve	0	77,000	0		
Total Expenditures and Transfers	<u>51,842,040</u>	<u>51,289,010</u>	<u>53,574,950</u>	(2,285,940)	4.46
Operating Balance:	(378,730)	421,660	(314,020)		
Total Fund Balance - Ending	5,801,700	6,602,090	6,288,070		
Assigned for Retirement	1,300,000	1,300,000	1,300,000		
Assigned for Lost Appeals	470,000	176,780	176,780		
Assigned for Technology	554,000	554,000	554,000		
Unassigned Fund Balance	<u>3,477,700</u>	<u>4,571,310</u>	<u>4,257,290</u>		
Total Fund Balance	5,801,700	6,602,090	6,288,070		
% of Unassigned Fund Balance to Total Expenditures	6.71%	8.91%	7.95%		

2018-19 Budget– cont.

Revenue Differences – 2.8% millage increase

Revenue Type	Amount	% Increase	Comments
Real Estate and Interim Taxes	1,013,270	2.99%	0.80% assessment increase; 2.8% millage increase
Earned Income Taxes	93,000	3.00%	LCTCB report
Del Tax, Transf Tax, Public Utility Tax	2,610	0.24%	
Other Local Income	2,000	0.21%	
Basic Education Subsidy	83,450	2.00%	Assumes a 2% increase from 2018-19
Special Education	23,130	1.66%	Assumes a 1.7% increase from 2018-19
Rental & Sinking Fund Subsidy	(4,240)	-0.85%	due to structure of debt payments and project reimb rates
Social Security Reimbursement	27,120	4.26%	
Retirement Subsidy	303,070	36.35%	PSERS contribution rate increasing from 32.57% to 33.43%
Other State Subsidies	6,850	0.41%	Accountability Block, Transportation, 1305-1306 Subsidy
Federal Subsidies	0	0.00%	
Total	1,550,260	3.00%	

2018-19 Budget– cont.

Reassessment and the effect on millage rate

2017-18 Assessment		
	As of Date:	Amounts
Current County 2017-18 Assessment	2017-18 Duplicate	1,724,327,100
Adjustments		
Add Interims	Aug-17	1,536,800
Amount Per Assessment Change Notices		(461,500)
Stras Elementary		(796,500)
Change in Assessment based on Appeals:		
Willow Valley Golf Course		(1,255,100)
Doubletree		(5,872,761)
Assessment appeal - exempt veteran		(214,800)
Updated Total Assessment 2017-18	Nov-17	1,717,263,239

2018-19 Assessment		
	As of Date:	Amounts
Current County 2018-19 Assessment	11/9/2017	2,153,432,600
Adjustments		
Add Interims	Aug-17	No Change
Amount Per Assessment Change Notices		No Change
Stras Elementary		(984,300)
Change in Assessment based on Appeals:		
Willow Valley Golf Course		No Change
Doubletree		(4,182,800)
Assessment appeal - exempt veteran		No Change
Updated Total Assessment 2018-19	Nov-17	2,148,265,500

Percent Increase in Assessment 25.10%

Proof 2017-18:		
Updated Total Assessment 2017-18		1,717,263,239
Multiplied times millage	20.5494	35,288,729
Less Slot funds	636,009	34,652,720
Multiplied times Collection rate	96.8%	33,543,833

Conversion		
Proof 2018-19:		
Updated Total Assessment 2018-19		2,148,265,500
Multiplied times NEW millage	16.4266	35,288,729.20
Less Slot funds	636,009	34,652,720
Multiplied times Collection rate	96.8%	33,543,833

Millage Reduction Summary:	
2017-18 Mills	20.5494
2018-19 Mills (Revenue Neutral Rate)	16.4266
Mill Reduction	4.1228
Mill reduction %	25.10%

2018-19 Maximum Act 1 Millage Rate:	
Revenue Neutral Millage Rate	16.4266
L-S Act 1 Index	2.80%
Maximum millage rate with Act 1 resolution	16.8865

2018-19 Budget – 2.8% millage increase - Index

Expenditure Differences

Account Type	Amount	% Change	Comments
Salaries			
Professional	685,760	3.66	
Support	<u>51,780</u>	1.51	
Total:	737,540	3.33	Includes a 2.75% salary increase; educational attainment; employees returning from leaves, new position (50% speech therapist); retirement savings
Benefits			
Social Security	54,250	3.20	
Retirement	437,300	6.05	PSERS contribution rate increasing from 32.57% to 33.43%
Unemployment	-	0.00	
Worker's Comp	9,410	5.00	
Tuition	-	0.00	
Health Insurance	427,080	8.00	
Employer's Share TSA	<u>-</u>	0.00	
Total:	928,040	6.30	

2018-19 Budget 2.8% millage increase - Index

Expenditure Differences – cont.

Account Type	Amount	% Change	Comments
Purchased Professional Services	236,570	8.35	\$100,000 for potential School Resource Officer; \$136,570 for preliminary special education contract projections
Purchased Property Services	10,750	1.34	increase for electricity
Other Purchased Services	112,550	3.81	\$32,600 for transportation contract; \$45,660 for CTC tuition; \$30,930 for charter school & other tuition.
Supplies	(39,840)	(3.09)	8% increase for natural gas - \$13,160; Textbook savings - 17/18 HS Lang Arts adoption of \$80,000 vs 18/19 Algebra textbooks for \$25,000
Equipment	-	0.00	
Other Objects - Dues & Memberships	(149,680)	(364.90)	Savings is due to prior year refunds in 17/18; no projection for refunds in 18/19
Other Objects - Debt Interest	(97,990)	(13.83)	Debt Service interest
Other Financing Uses - Debt Principal	225,000	4.51	Debt Service principal
Transfer to Capital Reserve	(77,000)		No budgeted transfer for 2018-19
Budgetary Reserve	<u>400,000</u>		Budgetary Reserve
Total Budget Difference:	2,285,940	4.46	

Five-Year Budget Projection

Five-Year Projection Assumptions

	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
Assessment Growth	0.80%	0.75%	0.75%	0.75%	0.75%
Tax Rate Increase	2.80%	2.50%	2.50%	2.50%	2.50%
EIT Growth	2.00%	2.00%	2.00%	2.00%	2.00%
Retirement Contribution Rate	33.43%	34.79%	35.26%	35.68%	36.32%
Wage Increases	2.75%	3.00%	3.00%	3.00%	3.00%
Medical Increase	8.00%	5.00%	5.00%	5.00%	5.00%
Basic Education Subsidy Increase	2.00%	2.00%	2.00%	2.00%	2.00%
Hybrid Learning Initiative	0	-4,000	-69,590	0	0.00%
One-to-one Initiative	0	4,000	69,590	0	0
Textbook Adoptions	-55,000	0	0	0	0
Transfer to Capital Reserve Fund (Debt Service savings)	0	0	0	1,168,890	5,458,110
Available Act 1 Exceptions:					
Retirement Exception	0	51,197	0	0	0
Special Education Exception	15,557	525,340	99,725	56,914	59,760

Five-Year Budget Projection with a 2.8% Millage Increase in 2018-19

	Estimated Actual	Projected Budgets				
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
TOTAL REVENUES	51,710,670	53,260,930	54,918,934	56,571,066	58,171,054	59,533,180
TOTAL EXPENDITURES & OTHER FINANCING USES	51,289,010	53,574,950	55,483,532	57,233,123	58,965,011	60,819,273
BASELINE OPERATING BALANCE	421,660	(314,020)	(564,598)	(662,057)	(793,957)	(1,286,093)
TOTAL FUND BALANCE (Beginning of Year)	6,180,430	6,602,090	6,288,070	5,723,472	5,061,414	4,267,457
TOTAL FUND BALANCE (End of Year)	6,602,090	6,288,070	5,723,472	5,061,414	4,267,457	2,981,364

- Unspent budgetary reserve will improve the baseline operating balance.
 - Budgetary reserve is projected at \$400,000 each year.
- In addition to budgetary reserve, the conservative budget approach may also improve the projected baseline operating balance.

Citizen Participation on Finance Committee

Citizen Participation on Finance Committee

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Participation Guidelines

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Participation Guidelines

The Warwick Board of School Directors committee system has been designed and implemented to encourage citizen participation in the consideration of the business and decisions affecting school district operations. This has been achieved by having community representatives serve on the Education, Building & Property, Finance & Legal, and Student Activities Committees. Each of these committees is comprised of Board members, administrators, teachers, and citizens. This mix of individuals provides a diversity of backgrounds, experiences, and opinions necessary to effectively review district issues.

The following guidelines are proposed for governing membership on Board/Community committees:

1. Each committee will be chaired by a member of the Warwick Board of School Directors.
 2. Two members of the Warwick Board of School Directors will be appointed to each committee.
 3. One or two members of the professional staff will be appointed to each committee to serve for a period of three (3) years.
 4. Three to seven community members will be appointed to each committee to serve for a period of three (3) years.
 5. Two to three members of the administrative team will be appointed to each committee.
 6. Committee members absent from three consecutive meetings or four meetings without valid reasons during the period of one year will be asked to resign their committee assignments.
 7. All community representatives will be approved by the Board of School Directors
- Citizen appointments to Board Committees will be arranged on a rotating basis in August of each year, providing for one-third of the committee to be replaced annually. Unfilled terms created by resignations will be filled by Board appointment.

As always, the Board Committees remain open to the public and may be attended by any member of the community or staff.

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Items From Committee