

Budget & Finance Committee Meeting
August 26, 2026, 10:00 AM to 11:30 PM
Farm & Home Center 1st floor Conference Room, 1383 Arcadia Road, Lancaster, PA

I. Raymond James Investments

- a. Update on Investments - *Robert Hoffman from Fulton Financial met with the Committee to discuss the Raymond James investment account. Robert explained that the investments the District are in are performing very well (up 18% since inception) and the returns (\$163,317) are comparable to the risk factors the District initially set up for these funds. Robert did have some recommendations for the committee in moving some bond investments to a Small Cap fund, Gold, and a Transamerica Bond. Specifically, Robert anticipates the current Lord Abbett bond funds performance may slip in coming quarters. The Committee felt this was a good strategy and will be taking this fund reallocation/diversification action at their next meeting.*
- b. Investment Policy Review – *The committee then reviewed the Investment Policy the District has for the Raymond James account. This policy is periodically reviewed to make sure it is being followed and/or new updates to the policy are not needed. The committee felt the policy is still relevant today and is being followed for the investments the district is involved with.*
- c. What to do with investment Income – *Once again within the investment policy it talks about what can be done with the profits from the investments. This was discussed because of the deficit the 2027 draft budget is showing. At this time the committee felt other reserves and other options should be looked into before dipping into these investment profits. So the case was made to continue to let the investment income accrue and continue on the status quo.*

II. 2025 Audit Update – *Stacey provided an update to the Committee on where the 2025 District regular and single audit are presently. SEK is still working on the regular audit and is almost finished with that with no significant findings thus far with this audit. The single audit will start in September and Stacey will be staying on top of SEK to make sure deadlines are met.*

III. District Overview

- a. *We have a staff of 46, salary and benefits account for 85% of the General Operations' budgeted expenses. A 3% COLA is being proposed along with a 7-9% Benefit cost increase. Additionally, a 1% increase for merit and bouses is included in the 2027 budget.*
- b. *The District moved its Healthcare services to Benecon in 2026. Benecon uses Highmark services for their coverage. It is a self-funded high-deductible plan with Benecon and we have been locked in with them for 3 years. We will find out if there will be a rate increase in mid-September.*

1. Overview of proposed 2027 draft budget with each sub-budget

1. 2027 Grants & Activities Budgets - *The District's current grants were provided to the Committee to review. This provided the committee with what grants are ongoing and which ones are ending in 2027. This budget sheet also provides what carries over from year to year with each grant which assist in longer term planning efforts. The committee also reviewed an activity budget for the numerous activities within the District. Activities like the tree sale, banquet, Envirothons, Youth Conservation School and Employe support. These activity budgets are not factored into the larger overall District budget but are important from a planning standpoint and were shared with the committee for feedback.*

2. 2027 General Operations Budget – *The committee was briefed on the 2027 District budget. At this point there is over a \$400,000 deficit in the 2027 budget. This is attributed to a number of factors from anticipated decreased grant reimbursements in 2027, to less plan reviews, to increasing staff size, and new vehicles and communications system needs. The committee discussed pulling from reserves to lower this deficit and/or looking at increasing service fees and some other options to balance the budget. Staff will continue to fine tune the 2027 District budget before the next Budget and Finance Committee mtg in September. After this mtg the draft 2027 budget will be sent to the District board for review.*
3. 2027 Individual Program Budgets – *Finally, the committee was updated on each program's 2027 budget and how it fits within the overall District budget. Since the majority of this is spelled out within the larger 2027 Draft District budget very little was discussed here. This was more of just a visual tool to show the committee how all of the pieces of the budget fit together.*

2. Significant budget changes projected for 2027

- a. New Phone System – *The committee was briefed on the potential need of a new phone system in 2027. Presently the district shares its phone system with NRCS and is based on the federal phone system. We have received some feedback that this may be ending in the near future so the District has been proactively looking for phone system options. There is no timeline for this move, but it could potentially involve getting all new phones or computer-based phones and more importantly it could result in a new phone number for the district as well. There are a lot of considerations with such a move. A reserve fund was set up a few years ago for just such an issue so there are funds available but once again trying to maximize any opportunity and share or reduce costs in the process. Administration is speculating a new phone system could cost up to \$44,000.*
- b. Capital Improvements – *Once again the District is looking to maximize its space and has had some discussion with designers and the Farm & Home Foundation on what this might entail. We are estimating an approx. cost of about \$350,000 for any new office redesign. There are some reserve funds for this and the District staff have applied for some grants as well, but a capital campaign would be needed if the project moved forward. If estimates and grants come this year this could be a project for 2027.*
- c. Potential New Position(s) – *Administration briefly talked about the need to add a Stormwater Engineer to evaluate Post-Construction Stormwater plans for the Erosion and Sedimentation Department. This program has been researching this new position for a number of months and researching ways to incorporate and pay for such a new position. The idea of either dipping into E&S reserve funds to pay for this new position and/or increasing review fees were discussed. The E&S committee will review all possibilities before providing recommendations to the Budget and Finance Committee this fall. Presently approx. \$150,000 is being estimated for the new stormwater engineer. This would include salary and benefits for such a position.*
- d. 2027 Funding Forecast – *Finally, administration shared their funding forecast for 2027. District staff are anticipating slower contracts and grant reimbursements because of the federal funding requirements tied to so many contracts and grants. This will slow down reimbursements across the board. Also, the pool of potential funding sources has decreased so staff are anticipating less*

grant revenue in 2027. This was expected but will need to be calculated for all program budgets and the ramifications for overall district financial matters.

With no further business the committee mtg ended at 11:30 AM. The next scheduled Budget and Finance Committee mtg will take place on Wednesday, September 23rd at 10AM at the Farm & home Center.